

Gibraltar and the European Economic Community (EEC): A political history of the impact of  
European integration on the territory, 1957 to 1987

A thesis submitted in partial fulfilment of the degree of Doctor of Philosophy

By

Thomas H.J. Norton, MA

## Contents

Contents	
Abstract	2
List of Abbreviations	3
<b>1. Introduction</b>	<b>5</b>
1.1 <i>Contribution to the historiography</i>	12
1.2 <i>Methodology</i>	26
1.3 <i>Structure</i>	30
<b>2. Chapter 2 — A new dawn? (1957-1963)</b>	
2.1 <i>Introduction</i>	33
2.2 <i>Background (1945-1957)</i>	35
2.3 <i>The turn to Europe (1957)</i>	40
2.4 <i>The ‘thaw’ in Anglo-Spanish relations and Gibraltar</i>	47
2.5 <i>Spain and EFTA</i>	56
2.6 <i>Gibraltar and the UK’s first application for EEC membership (1961-1963)</i>	63
2.7 <i>The impact of De Gaulle’s veto</i>	79
2.8 <i>Conclusion</i>	86
<b>3. Chapter 3 — ‘In the freezer’ (1964-1969)</b>	
3.1 <i>Introduction</i>	89
3.2 <i>The disappearance of the European option (1964-1966)</i>	90
3.3 <i>Gibraltar: from united front to the rise of integrationism (1963-1967)</i>	95
3.4 <i>Wilson’s turn to Europe (1966-1967)</i>	103
3.5 <i>Gibraltar and the UK’s second application (1967)</i>	106
3.6 <i>The second veto, Spain’s ‘nationalist turn’ and the election of the IWBP (1967-1969)</i>	115
3.7 <i>Conclusion</i>	122
<b>4. Chapter 4 — ‘All signs’ point to Europe (1970-1975)</b>	
4.1 <i>Introduction</i>	124
4.2 <i>A ‘new climate’</i>	126
4.3.1 <i>The negotiations begin</i>	132
4.3.2 <i>The ‘problem of nationality’</i>	147
4.3.3 <i>Sterling</i>	151
4.4 <i>Return to a ‘hard line’</i>	153
4.5 <i>Gibraltar: a ‘divided city’</i>	158
4.6 <i>The ‘EEC card’</i>	163
4.7 <i>Re-negotiation and referendum</i>	166
4.8 <i>The end of the IWBP</i>	169
4.9 <i>Conclusion</i>	172
<b>5. Chapter 5 — The European solution: highs and lows (1976-1982)</b>	
5.1 <i>Introduction</i>	175
5.2 <i>From the ‘Hattersley rebuff’ to a ‘solution in Europe’</i>	177
5.3 <i>The Strasbourg Process</i>	181
5.4 <i>Hassan’s European solution</i>	187
5.5 <i>Spain’s negotiations begin, Gibraltar’s EEC status is reevaluated</i>	192

5.6 <i>The Road to the Lisbon Agreement (1979-1980)</i>	200
5.7 <i>Opposition to Lisbon</i>	207
5.8 <i>Obstacles</i>	210
5.9 <i>Conclusion</i>	222
<b>6. Chapter 6 – From the partial opening to the Brussels Agreement (1982-1984)</b>	
6.1 <i>Introduction</i>	225
6.2 <i>The frontier ‘opens’</i>	226
6.3 <i>Hassan’s difficulties</i>	231
6.4 <i>Different priorities</i>	236
6.5 <i>A new approach</i>	240
6.6 <i>Gibraltar ‘polarised’</i>	242
6.7 <i>Parallel tracks</i>	245
6.8.1 <i>The Road to Brussels</i>	248
6.8.2 <i>The reaction to Brussels</i>	257
6.9 <i>Conclusion</i>	262
<b>7. Chapter 7 – A new era: from the frontier opening to the Airport Agreement (1985-1987)</b>	
7.1 <i>Introduction</i>	264
7.1 <i>A new era</i>	265
7.3 <i>Spain’s Act of Accession and Exchange of Notes</i>	269
7.4 <i>Spain’s hardening attitude</i>	273
7.5 <i>Gibraltar: suspicions grow</i>	279
7.5.1 <i>Sovereignty concerns</i>	279
7.5.2 <i>EEC doubts</i>	282
7.5.3 <i>Pensions</i>	285
7.6 <i>The Airport Agreement</i>	288
7.7 <i>The departure of Hassan</i>	299
7.8 <i>Conclusion</i>	304
<b>8. Conclusion</b>	307
<b>Bibliography</b>	321

## **Abstract:**

This thesis examines the political impact of European integration on Gibraltar, which joined the European Economic Community (EEC), alongside the UK, in 1973. Between 1957 and 1987, this 'European factor' exerted an enormous influence on Gibraltar's internal politics; the nature of the frontier with Spain; and Anglo-Spanish relations. Using all the available records at The National Archives and elsewhere, this thesis fills a gap in the historiography by detailing precisely how Gibraltar's EEC membership came about, and how Spain's path to membership impacted Gibraltar. Examining this pivotal period through the European lens offers a fresh perspective on familiar events. The deterioration in relations with Spain from 1964 onwards is linked to Britain and Spain's exclusion from the EEC. Gibraltar's 16 years of isolation may have ended sooner had Britain pursued its original aim of including Gibraltar within the EEC customs territory. Bilateral talks on Gibraltar's future in Strasbourg, Lisbon and Brussels, were driven by the need to end the frontier restrictions before Spain's accession. While the end of the AACR's long dominance of local politics, and the concomitant rise of a new Gibraltarian nationalism, was a response, in part, to fear of European-led osmosis with Spain.

## List of Abbreviations

AACR – Association for the Advancement of Civil Rights

IWBP – Integration With Britain Party

GSLP - Gibraltar Socialist Labour Party

GDM - Gibraltar Democratic Movement

PAG - Party for the Autonomy of Gibraltar

PSG - *Partido Socialista de Gibraltar*

DPBG - Democratic Party of British Gibraltar

GSD - Gibraltar Social Democrats

UCD - *Unión de Centro Democrático*

PSOE - *Partido Socialista Obrero Español*

AP - *Alianza Popular*

TGWU – Transport and General Workers’ Union (Gibraltar)

GTC - Gibraltar Trades Council

FCO – Foreign and Commonwealth Office

SED - Southern European Department

EID - European Integration Department

ECD - European Community Department

GSAD - Gibraltar and South Atlantic Department

CMN (O) - Common Market Negotiations (Official) Committee

WGE - Working Group on Europe

MFA - Ministry of Foreign Affairs [Spain]

ECSC - European Coal and Steel Community

EEC/CEE – European Economic Community/Comunidad Económica Europea

EC - European Community

OEEC - Organisation of European Economic Co-operation

EFTA - European Free Trade Association

EU - European Union

CET/CCT - Common External Tariff/Common Customs Tariff

CAP - Common Agricultural Policy

VAT - Value Added Tax

SEA - Single European Act

ECHR - European Court of Human Rights

ECJ - European Court of Justice

ICJ - International Court of Justice

NATO/OTAN- North Atlantic Treaty Organisation/Organización del Tratado del Atlántico Norte

CSCE - Commission on Security and Cooperation in Europe

UN – United Nations

TNA – The National Archives

GNA - Gibraltar National Archive

SPA - Spanish Prohibited Airspace

CUKC - Citizens of the United Kingdom and Colonies

## 1. Introduction

This thesis seeks to address a gap in the historiography by analysing the political impact of European integration on Gibraltar between 1957 and 1987. It does this in a number of ways. First, by using newly accessible records in The National Archives and elsewhere to plot Gibraltar's 12-year journey towards EEC membership, from the time of Britain's first application in 1961 to accession in 1973. Crucially, it will demonstrate precisely how Gibraltar came to occupy a unique position within the EEC, inside the Community but outside the customs union, where and how the key decisions were made, the political and economic factors considered, and the long term implications, particularly for the frontier. In the decade and a half after Gibraltar joined the EEC, many of these decisions were revisited in light of Spain's own protracted journey towards Europe. Secondly, this thesis looks at the political impact that European integration had within Gibraltar itself, and how changing attitudes towards the EEC affected the fortunes of the political class. Lastly, it broadens the picture by expanding upon the existing literature on Anglo-Spanish relations in this period, in particular the ways in which the creation and expansion of the EEC from 1957 onwards impacted bilateral efforts to resolve differences over Gibraltar. Taken together, this new 'European factor' provides a fresh perspective on familiar episodes from Gibraltar's contemporary history. The deterioration in relations with Spain from 1964 onwards is linked to Britain and Spain's exclusion from the EEC. The closure of the frontier, and the beginning of a near 16-year long 'siege' in 1969, may have been ended sooner had Britain pursued its original aim of including Gibraltar in the EEC customs territory. Bilateral talks on Gibraltar's future during the 1970s and 1980s in Strasbourg, Lisbon and Brussels, were driven by the need to end the frontier restrictions before Spain's accession to the EEC. While the end of the AACR's long dominance of local politics, and the concomitant rise of a new Gibraltarian nationalism, was, in part, a response to fear of European-led osmosis with Spain.

To begin with, this thesis underscores the enormous significance of the decisions taken during the negotiations which ultimately led to Gibraltar's accession to the EEC in 1973, highlighting the tension between economic and political factors and their influence on policy-makers. While scholars such as Joseph Garcia have pointed to the importance of Gibraltar's 'tailor-made status' in Europe — inside the Community but outside the customs union — none have attempted to trace the origins of this peculiar position using the records now available. <sup>1</sup> Given one of the over-riding aims of the movement towards European unity was, and is, the elimination of barriers between member states, the significance of Gibraltar's partial membership, especially when it came to the frontier, cannot be overstated. As we shall see in Chapters 2 and 3, when the issue was looked at in the context of Britain's first two attempts to secure EEC membership in the 1960s, Gibraltarian leaders emphasised the importance of protecting Gibraltar's free port, and with no agriculture, and little fishing or manufacturing, almost all economic arguments pointed towards exclusion from the EEC.<sup>2</sup> Politically, though, things were different. The desire to remain close to Britain and to get in ahead of Spain overrode other considerations. As we will see in Chapter 4, by the time negotiations resumed in 1970, the EEC had issued a directive on free ports which meant that in theory Gibraltar could have been brought in as a full member of the EEC whilst retaining its free port privileges. This might have caused practical and financial difficulties, in particular the loss of import duties, but would also have brought one major advantage: when combined with Spain's 1970 Preferential Trade Agreement with the EEC, it would have obliged Spain to re-open the frontier it had closed barely a year earlier. The long term prospect of a 'normalisation' of relations with Spain meant that, initially at least, Whitehall favoured the full-fat version of

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<sup>1</sup> Joseph Garcia, 'Gibraltar and the European Union: in and out,' *The Round Table*, 110.3, (2021), pp. 384-394 (p. 386).

<sup>2</sup> TNA CO 852/2053, Record of meeting held at the Colonial Secretariat, 3 October 1962.



EEC membership for Gibraltar, even if this meant ignoring the territory's short term economic requirements.<sup>3</sup> However, Spain's angry reaction to the suggestion that Gibraltar's inclusion in the EEC might oblige it to open the frontier persuaded officials to pursue the alternative 'Heligoland solution', named after the small West German archipelago in the North Sea. This option would take Gibraltar outside the scope of the customs union altogether, as well as the common agricultural and fisheries policies and the VAT zone. While this was a better match with Gibraltar's economic preferences, and was the option favoured in Brussels, Gibraltarian ministers were kept in the dark about the political considerations that prompted this change of tack, and an early opportunity to lift the '15th siege' was lost.<sup>4</sup> In 1979 Gibraltar's partial membership was reevaluated in the light of Spain's 1977 application to the EEC. Once again, officials saw political advantages in abandoning the 'halfway house' position and bringing Gibraltar fully inside the EEC. It would make the maintenance of frontier restrictions harder to justify, and in the long run, the less significance attached to the border, the more likely a 'solution to the Gibraltar problem' might be found in the EEC context.<sup>5</sup> This time economic factors trumped political considerations, and the price attached to further integration was deemed too high. Instead, from 1980 onwards, many Gibraltarians began to push for further derogations and exemptions from EEC legislation to protect local workers and businesses from being 'swamped' by Spanish competition.<sup>6</sup> In Chapter 7, I examine how Gibraltar's decision to remain outside the customs zone paved the way for a resurgence of cross-border

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<sup>3</sup> TNA FCO 42/461, Gibraltar and the UK negotiations for Membership of the European Communities, 11 November 1970.

<sup>4</sup> Sir William Jackson, *The Rock of the Gibraltarians: A History of Gibraltar*, (London: Associated University Press, 1987), p. 317.

<sup>5</sup> TNA FCO 9/2803, Gibraltar, Spain and the EEC, 8 June 1979.

<sup>6</sup> Francis Cantos, 'Gibraltarian to attend "Spain - EEC" seminar', *Gibraltar Chronicle*, 4 October 1980, p.1.

smuggling and, as some had predicted, handed Spain a lever with which to be 'awkward' at the frontier.<sup>7</sup>

Turning to the internal political dimension, it is clear the prospect of a united, and perhaps one day border-free Europe, was embraced by many Gibraltarians during a period of transition particularly as, unlike other colonial territories, they were denied the possibility of independence by the terms of the 1713 Treaty of Utrecht.<sup>8</sup> Crucially, it provided an alternative vision of Gibraltar's future place within a larger structure, beyond the fading Empire, Commonwealth, or indeed the United Nations, where Gibraltar's early experiences had been disappointing. As we will see in Chapters 2 and 3, during Britain's first two approaches to the EEC in the 1960s the European option was viewed as a means of staying close to the UK during uncertain times and, not coincidentally, linked to the rise of political integrationism on the Rock. The Integration With Britain Party (IWBP), which took office in 1969, viewed integration with Europe as a practical first step towards its ultimate goal of integration with the metropolitan power, whilst joining the EEC would enable Gibraltarians to bypass Britain's increasingly restrictive immigration regime. For these reasons, the integrationists pursued the European option with a greater degree of fervour than their predecessors, but by the time Gibraltar entered the EEC on 1 January 1973, Sir Joshua Hassan's Association for the Advancement of Civil Rights (AACR) had been returned to office. Hassan, a pragmatic, consensus politician, was nevertheless capable of articulating his own vision for Gibraltar's European future, which in some respects, went further than any other politician in this period. As we will see in Chapter 5, Hassan's own brand of Europeanism was developed in part as a response to Britain's blunt rejection of

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<sup>7</sup> TNA FCO 9/2912, Gibraltar: Implications of Spanish Accession to the European Community, 19 March 1980.

<sup>8</sup> The Treaty (or more accurately treaties) of Utrecht ended the War of Spanish Succession. In Article X of the Treaty of Peace and Friendship (1713) Spain ceded control over Gibraltar to Great Britain but stipulated that if the British Crown should ever decide to 'grant, sell or by any means to alienate' Gibraltar, then Spain should be given preference over any others. This so-called 'reversionary clause' remains a point of dispute today.

further constitutional advances in 1976, and boosted by the death of Franco and the return of democracy in Spain. Indeed the late 1970s marked the high water mark for Gibraltarian enthusiasm for a 'European solution' exemplified by the launch of a Gibraltar branch of the European Movement in 1977 which included every member of the House of Assembly elected the previous year. During this period, the institutions of the new Europe frequently provided both the venue, and the rationale, for talks over Gibraltar's future. Anglo-Spanish discussions, which began in Strasbourg in 1977, and eventually led to agreements at Lisbon in 1980 and Brussels in 1984, were driven by the need to lift the Franco-era frontier restrictions ahead of Spain's accession to the EEC, but were bitterly opposed by a new generation of nationalist politicians led by the trade unionist Joe Bossano and the Gibraltar Socialist Labour Party (GSLP). By the time of the 1984 Brussels Agreement, which advanced EEC rights to Spaniards in return for the full re-opening of the frontier, Europe had ceased to be a unifying factor in Gibraltar, and indeed had become a major source of division. While Hassan had backed the British government's offer, the House of Assembly, and an increasingly vocal opposition, had tried to extend Gibraltar's EEC exemptions and derogations, fuelled by fear of a Spanish economic or demographic 'invasion'.<sup>9</sup> As we will see in Chapters 6 and 7, frustration at Gibraltar's apparent inability to defend its interests and lack of representation in Europe; a growing suspicion that Britain would prioritise its own economic and strategic interests; fear of a European-led osmosis with Spain; resentment at a long and expensive list of EEC obligations; and above all Spain's growing influence in Europe and willingness to veto Gibraltar's inclusion in Europe-wide developments, all contributed to the growth of nationalist feeling in Gibraltar, culminating in Bossano's landslide victory in 1988 and the end of the AACR. Despite this unpromising start, the idea of a 'European solution' has enjoyed a long afterlife and, as we will see in the Conclusion, continues to exert a hold on the Gibraltarian political imagination today.

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<sup>9</sup> Nicholas Bethell, 'Why Gibraltar prefers the siege life,' *The Times*, 6 May 1980, p.12.

Thirdly, this thesis places the Gibraltar response to European integration within the wider context of Anglo-Spanish relations. As we will see in Chapter 2, I find further evidence to support the contention that Britain and Spain's tilt towards Europe between 1957 and 1963 contributed to a brief 'honeymoon' in bilateral relations, and conversely, that the deterioration in relations from 1964 onwards, detailed in Chapter 3, can be linked to both nations being frozen out of the movement towards European unity.<sup>10</sup> During Fernando Castiella's first six years as Foreign Minister, Spain desperately needed British support for its candidacy of the Organisation of European Economic Co-operation (OEEC), and flirted with the idea of joining the European Free Trade Association (EFTA), the British-backed alternative to the EEC. When Britain abandoned EFTA and applied for EEC membership in 1961, Spain submitted its own application for association shortly afterwards. However being in Britain's slipstream did not help Spain when De Gaulle vetoed British entry in 1963, and the whole question of enlargement was shelved. With the common path towards Europe blocked, relations took a turn for the worse and Gibraltar, always 'a special case', became the focus of Castiella's remaining time in office.<sup>11</sup>

As we will see in Chapter 4, by the time the frontier was closed in 1969, and De Gaulle and Castiella had left the scene, Europe looked once again like it might provide some badly needed common ground. Spain signed a Preferential Trade Agreement with the EEC in the same week that Britain re-opened negotiations for membership in July 1970, and this provided the foundation for the '*nuevo clima*' in Anglo-Spanish relations which lasted between 1970 and 1973.<sup>12</sup> After the UK and Gibraltar's accession to the EEC in 1973, the

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<sup>10</sup> Rafael Sánchez Mantero, 'Castiella y Gibraltar', in *Entre la historia y la memoria. La política exterior de F.Ma Castiella*, ed. by M. Oreja and R. Sánchez Mantero (Madrid: Real Academia de Ciencias Morales y Políticas, 2007), pp. 137-152, (p.145).

<sup>11</sup> TNA FO 371/160771, Record of a conversation on the way to Toledo, 29 May 1961.

<sup>12</sup> ['new climate']

TNA FCO 9/1124, Russell to Secondé, 22 June 1970.

degree to which Spain's own European aspirations could, or should, be linked to British efforts to end the frontier restrictions became a defining feature of bilateral relations, and were given added urgency by Spain's 1977 application for membership. If there was a discernible hardening of the British position in 1979, it was not, as authors such as Carolina Labarta Rodríguez-Maribona have suggested, simply due to the 'firmness' of the posture adopted by Margaret Thatcher's Conservatives, but a consequence of definitive new legal advice on the incompatibility of the Spanish restrictions with EEC norms.<sup>13</sup> While the threat of a British veto in Europe proved crucial to securing a commitment from Spain to re-open the frontier in 1980, the picture was complicated by Britain's wider political, economic and strategic interests, as well as domestic political considerations in Spain. Britain wished to see the frontier restrictions lifted without unduly complicating relations with its Community partners, further delaying European enlargement or jeopardising the result of Spain's referendum on NATO membership. The fragility of the new Spanish democracy between 1977 and 1982, which as Paul Preston and Denis Smyth have written 'frequently seemed about to founder on the problems of terrorism of the extreme left and right, of military subversion and of economic stagnation' made any unilateral move to end the restrictions politically fraught.<sup>14</sup> Securing Spain a place in Europe took on huge 'metapolitical' significance during the transition,<sup>15</sup> but it was 'politically embarrassing' for the Spanish government to make the connection between EEC membership and the re-opening of the frontier too obvious.<sup>16</sup> However, the European element proved unavoidable, and was made explicit during the accession negotiations. In spite of this, it suited both

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<sup>13</sup> Carolina Labarta Rodríguez-Maribona, 'Reino Unido y España: unas relaciones marcadas por el contencioso territorial' in *Historia de la política exterior española en los siglos XX y XXI*, ed. by Juan Carlos Pereira and Marta Hernández Ruiz (Madrid: CEU Ediciones, 2015), pp. 83-111, (p. 104).

<sup>14</sup> Paul Preston and Denis Smith, *Spain, the EEC and NATO*, (London: Routledge, 1984), p. 31.

<sup>15</sup> *Ibid.*, p. 30.

<sup>16</sup> TNA FCO 98/1837, Record of a meeting between Mr D. A. Hannay and Srs. Westendorp (Secretary General for Relations with the European Communities) and Berdejo (Director General, Western Europe, MFA) held at the MFA in Madrid, 2 April 1984.

countries' interests to attempt to resolve their differences over Gibraltar bilaterally. Nevertheless, progress in Spain's negotiations with the EEC provided Britain with the basis for a new offer: advancing EEC rights to Spaniards almost a year ahead of schedule in return for the full re-opening of the frontier ahead of accession. Brussels was a bilateral agreement which anticipated Europe-wide developments, and provided both countries with a face-saving way out, but it was greeted with dismay by many Gibraltarians who felt the concessions offered by Britain were entirely unnecessary. Despite the high hopes which were often vested in it, the idea of a lasting 'European solution' for Gibraltar relied on a common vision which was largely absent. Indeed, Spain made it clear in a 1985 Exchange of Notes with Britain, that it did not regard accession to the EEC as altering in any way its historic claim to the Rock. Spain's actions during its first two years in the Community, blocking a major Europe-wide liberalisation package over Gibraltar's inclusion, and Britain's willingness to fall back on bilateralism, merely confirmed in the minds of many Gibraltarians the suspicion that Britain's interests would increasingly align with Spain inside the Community, and that far from providing a solution, Europe might simply provide Spain with a new vehicle with which to pursue its claim.

### **1.1 Contribution to the historiography**

Before looking at the original contribution made by this thesis, it is worth saying something about the gaps in the existing historiography. Although Gibraltar's accession to the EEC in 1973 has been revisited since the 2016 Brexit vote, there has not been, up until now, a detailed examination of how this came about using the primary sources available. Nor has there been any consideration of Gibraltar's position in relation to the UK's two unsuccessful approaches to the EEC in the 1960s. In fact, as we will discover in Chapter 2, a great deal of work had been completed by the time the French President, Charles De

Gaule, brought a halt to the negotiations in January 1963, including the implications, options, opportunities and risks for Gibraltar. This thesis therefore builds an important picture of early responses to European integration, both within Whitehall and in Gibraltar itself. Several key aspects of this question, including relations with Spain; the lack of manufacturing or agricultural sectors; and the status of the free port, would go on to figure prominently in subsequent negotiations. By the time Britain resumed negotiations with the EEC in 1970, the frontier separating Gibraltar and Spain had been completely closed. The legal scholar, Cristina Izquierdo Sans, has argued that this contributed to the perceived need in Brussels to take into account Gibraltar's special circumstances when deciding what place it might occupy in an enlarged Community. Cut off from the rest of the continent, Gibraltar was wholly reliant on imports via air and sea, and economically sustained by the UK. The 'particularism' which was granted to Gibraltar in 1973 opened the door to others, including Spain's extra-continental territories, Ceuta, Melilla and the Canary Islands, at the time of its accession in 1986.<sup>17</sup> Similarly, the Gibraltarian historian Joseph Garcia has pointed to the lack of overland trade routes between Gibraltar and the rest of the EEC as one reason it came to occupy a 'unique status' in Europe.<sup>18</sup> Gibraltar was the only territory in 1973 to take the route to membership offered by Article 227 (4) of the Treaty of Rome. Unlike Gibraltar, the Faroe Islands opted for total exclusion from the EEC at the time of Denmark's accession, while the UK's Crown Dependencies ended up with a 'partially integrated' status which was, in some ways, the mirror-image of Gibraltar, inside the customs area and certain aspects of the Common Agricultural Policy (CAP), but outside the rest of the Community *acquis*. Garcia argues 'Gibraltar opted for a very substantial membership of the EC compared to these others' and was only able to do so because 'Spain was not in the European political club' and could not 'weigh in on matters

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<sup>17</sup> Cristina Izquierdo Sans, *Gibraltar en la Unión Europea: consecuencias sobre el contencioso hispano-británico y el proceso de construcción europea* (Madrid: Anaya, 1996).p.133.

<sup>18</sup> Garcia, 'Gibraltar and the European Union', p. 385.

related to Gibraltar'.<sup>19</sup> The extent to which Gibraltar 'opted' for this status has been called into question by scholars such as Maria Mut-Bosque, who correctly points out that it was the British government which 'negotiated directly' with Brussels as there was 'no direct representation of the Gibraltar government at official level'.<sup>20</sup> This thesis provides the first detailed account of precisely how Gibraltar came to be included, and the exact nature of its opt-outs. It will show that while there was a high degree of consultation with Gibraltar, including elected representatives, civil servants and business groups, almost all the key decisions were taken in London. Furthermore, Gibraltarian ministers were sometimes deliberately kept in the dark about important aspects of Britain's approach. Most significantly, Britain began the negotiations in 1970 with the intention of bringing Gibraltar fully inside the EEC, including the customs union, but opted for the 'Heligoland solution' after learning of Spain's sharp reaction to the suggestion it might be forced into lifting the frontier restrictions. Although, as Garcia rightly points out, Spain had no right to veto Britain's proposal, the Spanish reaction was enough to convince officials their preferred option was a non-starter. The long-term ramifications of Gibraltar's semi-detached status have been profound. It is hard to argue with Alejandro del Valle-Gálvez's assessment that 'the particular status of Gibraltar in the EU' constituted 'an obstacle to the normalisation of relations' and eventually paved the way for a resurgence in 'illegal trafficking'.<sup>21</sup> The events described above show it is inaccurate to state, as Garcia does, that discussions over Gibraltar's exclusion from the customs area 'were not considered to be controversial' at the time or that the maintenance of Gibraltar's free port was a 'simple technical question'.<sup>22</sup>

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<sup>19</sup> Garcia, 'Gibraltar and the European Union,' pp. 385-386.

<sup>20</sup> Maria Mut-Bosque, 'Reflexiones sobre el estatus de Gibraltar en la era Brexit', *Revista d'Estudis Autònoms i Federals - Journal of Self-Government*, 31.June 2020, (2020), pp. 143-179 (p. 157).

<sup>21</sup> Alejandro del Valle-Gálvez, 'Gibraltar and the European Union: the consequences of the conflict between Spain and the United Kingdom for Gibraltar and the European integration process' in *Heilsame Vielfalt? Formen differenzierter Integration in Europa*, ed. by Eckart D. Stratenschulte (Baden-Baden: Nomos Verlagsgesellschaft, 2014), pp 193-223, (p. 222).

<sup>22</sup> Garcia, 'Gibraltar and the European Union', p. 386.



This thesis will demonstrate that there was a considerable, and indeed a decisive, *political* element. It will also provide an account, largely missing from the existing literature, of the consideration given to the possibility of altering Gibraltar's status in the EEC in the decade and a half after entry in 1973. Although writers such as Peter Gold and others have touched upon this question, these earlier accounts do not benefit from recent documentary releases which can now provide a fuller picture of what was happening at the time.<sup>23</sup>

Three or four decades ago, it was possible to lament a dearth of original scholarship on Gibraltar which went beyond military history, or the vagaries of the sovereignty dispute, but since the late 1980s, a new generation of historians and academics have turned their focus on the civilian population's political and constitutional development. Here, one book looms large in the historiography: Dr Joseph Garcia's *Gibraltar: The Making of a People* (Gibraltar: MedSun, 1994). Garcia's seminal tome began as a doctoral thesis at the University of Hull in 1991 and was published a few years later. It was a groundbreaking attempt to put the Gibraltarian people at the centre of their own political journey, from fortress colony to self-governing British territory. Today, Garcia is the leader of the Liberal Party of Gibraltar and Deputy Chief Minister in the GSLP-Liberal alliance that has governed the territory since 2011. Garcia's book foregrounds the Gibraltarian campaign for greater self-government which dominated the first few decades after the war. This is where the book is strongest, and where Garcia was able to make use of primary sources at the Public Records Office (now The National Archives). However, at the time, these records were only available up until around 1960. This could be one reason why Britain's efforts to join the EEC from 1961 onwards, and its impact on Gibraltar, are rarely discussed. The 'European dimension' is not altogether absent; Garcia alludes to the 'momentous changes'

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<sup>23</sup> See Peter Gold, *A Stone in Spain's Shoe: The Search for a Solution to the Problem of Gibraltar* (Liverpool University Press, 1994) and D.S. Morris and R. H. Haigh, *Britain, Spain and Gibraltar 1945-90: The Eternal Triangle* (London and New York: Routledge, 1992).

in Britain's international position brought about by entry to the EEC in 1973 and the 'profound repercussions' this had for Gibraltar, but these are rarely explored.<sup>24</sup> Indeed Garcia demonstrates something of the ambiguous attitude towards the European project adopted by many Gibraltarians since Spain joined in 1986. On the one hand arguing that the hope that common membership of the Community might resolve 'the Gibraltar question' was 'dashed within eighteen months of Spanish membership' by Madrid's actions over the 1987 EC air liberalisation package. On the other hand, concluding that 'despite all this, it would seem in the longer term that a resolution to the Gibraltar problem does indeed lie in Europe' once common citizenship meant there was 'no Spain and no Gibraltar...simply...one Europe.'<sup>25</sup> This thesis, unlike Garcia's earlier study, benefits from access to original records right up to 1987, and is therefore able to put the 'European dimension' in its rightful context.

As Garcia's comments demonstrate, faith in the idea of a 'European solution' has enjoyed a long afterlife. Indeed Garcia's Liberal Party (founded as the Gibraltar National Party), the Gibraltar Socialist Labour Party (GSLP) and the principal opposition today, the Gibraltar Social Democrats (GSD), have all, at one time or another, advocated a form of decolonisation within the EU. Prior to the rupture caused by Brexit, it was accepted within much of the literature that the EEC (and later the EU) would continue to provide the basic legal framework in which Britain, Spain and Gibraltar would attempt to resolve their differences. In 2005, the geographer David Lambert concluded that 'further European integration' seemed 'the most likely solution to the difficulties with Spain'.<sup>26</sup> Maria del

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<sup>24</sup> Joseph Garcia, *Gibraltar: The Making of a People. The modern political history of Gibraltar and its people* (Gibraltar: MedSun, 1994), p. 161.

<sup>25</sup> Garcia, *The Making of a People*, p.210.

<sup>26</sup> David Lambert, 'As Solid as the Rock? Place, Belonging and the Local Appropriation of Imperial Discourse in Gibraltar,' *Transactions of the Institute of British Geographers*, 30.2, (2005), pp. 206-220 (p. 210).

Carmen Antón Guardiola, who completed a doctoral thesis at the University of Alicante in 2007 on the 'challenge' posed to the EU by the controversy over Gibraltar, argued that the European dimension constituted a 'new reality' in which none of the parties could exclude the application of Community rights.<sup>27</sup> The process of European integration may have acted as a 'trigger' to Anglo-Spanish efforts to reach an understanding but since becoming a member Spain had used its position to try and prevent the emergence of a new 'European status' for the territory, which would make Gibraltar just 'one more state of the EU'.<sup>28</sup> Amongst British scholars to have examined the question, Professor John Groom, writing in 1997, agreed the EU provided the 'framework' for resolving the issue, and as result Britain no longer viewed the UN 'as the principal forum for achieving a resolution of the Gibraltar question'.<sup>29</sup>

A related area of scholarship which has received renewed attention in the wake of Brexit is the development of a unique Gibraltarian 'national' identity. An early contributor was the former Governor, General Sir William Jackson, whose 'unashamedly' 'pro-Gibraltarian' 1987 book *The Rock of the Gibraltarians* broke new ground in a field which had often treated Gibraltar as little more than a source of 'contention'.<sup>30</sup> Jackson's book was soon followed by the work of Gibraltarian authors and historians like the aforementioned Garcia;

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<sup>27</sup> María del Carmen Antón Guardiola, '*El contencioso Hispano-Británico sobre Gibraltar: Un desafío para la Unión Europea*' (unpublished doctoral thesis: University of Alicante, 2007) p.454.

<sup>28</sup> *Ibid.*, pp.455-456.

<sup>29</sup> A.J.R Groom, 'Gibraltar: A pebble in the EU's shoe' *Mediterranean Politics*, 2.3, (1997), pp. 20-52 (p. 45).

<sup>30</sup> Sir William G. F. Jackson, *The Rock of the Gibraltarians: A History of Gibraltar* (London: Associated University Press, 1987), p. 13. A marked contrast to George Hills, *Rock of Contention* (London: Robert Hale, 1974). Jackson's book also owes a debt to an earlier, anthropological study by Gibraltar's former director of education, Dr H. W. Howes, *The Gibraltarian*, 2nd edn. (Gibraltar: MedSun, 1982).

Tito Benady; Charles Caruana and former government archivist, Tommy Finlayson.<sup>31</sup> Professor Stephen Constantine's 2009 book *Community and Identity: The Making of Modern Gibraltar since 1704* was, as Martin Blinkhorn makes clear in the introduction, the 'most seriously researched' account of Gibraltar's political development and 'emerging sense of shared identity' yet written.<sup>32</sup> However, it mainly deals with the period between 1704 and 1969, and only touches briefly on the impact of European integration in the final chapter. That is not to say the Gibraltarian sense of a 'European' identity has been completely ignored. In a 2004 article in *European Integration*, Karis Muller argued that modern *Llanito* identity rested on three levels: 'British, European or Gibraltarian' and that in contrast to the UK where 'being British' was frequently contrasted with a less worthy 'European' set of values, in Gibraltar 'being European is by contrast an additional virtue'. This idealised 'Europeanness' was often equated with democracy and equality and contrasted with the 'unEuropean' values associated with Franco's Spain at the time Gibraltar joined the EEC.<sup>33</sup> In his 2006 book *Gibraltar, Identity and Empire* Edward Archer notes that while many Gibraltarians saw themselves as 'having a European future' they were equally clear about 'their own separate identity' as well as their desire to remain part of 'a British enterprise that created them as a people'.<sup>34</sup> As with the legal framework, so with issues of identity, the Brexit vote threatens to change everything. As the Gibraltarian social anthropologist, Professor Andrew Canessa, writes in the introduction to the 2019 volume *Bordering on Britishness: National Identity in Gibraltar from the Spanish Civil War*

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<sup>31</sup> Tito Benady was a founder, editor and regular contributor to the *Gibraltar Heritage Journal (Vol 1-27)*, Charles Caruana was Bishop of Gibraltar between 1998 and 2010 and wrote a history of the Catholic Church in Gibraltar, *The Rock under a Cloud* (Cambridge: Silent Books, 1989), his brother Joseph, a former IWBP member of the House of Assembly, has written a biography of Gibraltar's second Chief Minister, *The Life and Times of Sir Robert Peliza* (Gibraltar: Caruana, 2015). Tommy Finlayson's *The Fortress Came First* (Northampton: Gibraltar Books, 1990) was an influential history of the evacuation and its aftermath.

<sup>32</sup> Stephen Constantine, *Community and Identity: The making of modern Gibraltar since 1704* (Manchester: Manchester University Press, 2009), p.xiv.

<sup>33</sup> Karis Muller, 'Being "European" in Gibraltar,' *Journal of European Integration*, 26.1, (2004), pp. 41-60 (p. 44).

<sup>34</sup> E.G. Archer, *Gibraltar, Identity and Empire* (Abingdon: Routledge, 2006), p. 25.

to *Brexit*, Brexit ‘forecloses the possibility of a British European identity...clearly espoused by many Gibraltarians.’ Membership of the EU made ‘many things possible’ including the idea of an ‘inclusive, cosmopolitan Britishness’.<sup>35</sup> Spain had been obliged to ‘recognise British Gibraltar’ when it joined the EEC in 1986 but Brexit inverts this historical situation and it is now ‘the UK that is obliged to recognise Spain’s interest over Gibraltar’. In this sense, Brexit represents something of an ‘existential crisis for Gibraltarian Britishness’.<sup>36</sup> Mut-Bosque observes that Gibraltar’s internal progression from Crown Colony to British Overseas Territory, with all the rights associated with full British citizenship, took place in parallel with Gibraltar’s consolidation of its European status. Membership of the EU had ‘positively influenced’ the territory and led many Gibraltarians to become ‘faithful followers of the European project’.<sup>37</sup> However this ‘loyalty and commitment’ across nearly five decades had ultimately proved ‘worthless’.<sup>38</sup> This thesis supplements the work described above by examining the origins of Gibraltar’s attraction to the European project from the 1960s onwards, while interrogating the somewhat simplistic narrative of Gibraltarians as ‘exemplary Europeans’.<sup>39</sup> It will also demonstrate what I believe to be a connection between Gibraltar’s early disappointments in Europe and the rise of Gibraltarian nationalism in the 1980s.

The long and often bumpy roads that eventually led Britain and Spain to taking their place in Europe have attracted a huge volume of excellent scholarship. In Spain’s case, there is

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<sup>35</sup> Andrew Canessa, 'Introduction,' in *Bordering on Britishness: National Identity in Gibraltar from the Spanish Civil War to Brexit*, ed. by Andrew Canessa (Cham, Switzerland: Palgrave Macmillan, 2019), pp. 1-31, (p. 3).

<sup>36</sup> Andrew Canessa, 'Conclusions', in *Bordering on Britishness: National Identity in Gibraltar from the Spanish Civil War to Brexit*, ed. by Andrew Canessa (Cham, Switzerland: Palgrave Macmillan, 2019), pp. 217-228 (p. 227).

<sup>37</sup> Bosque, 'Reflexiones sobre el estatus de Gibraltar', p.171.

<sup>38</sup> Maria Mut-Bosque, 'The Commonwealth as a new sunrise for Gibraltar's future overcoming weakness in the post-Brexit era,' *The Round Table*, 110.3, (2021), pp. 368-383 (p. 370).

<sup>39</sup> Muller, 'Being European,' p.45.

something close to unanimity on the central importance of the '*impulso europeísta*' to the successful transition to democracy.<sup>40</sup> As Julio Crespo MacLennan makes clear in his book *Spain and the Process of European integration, 1957-85*, the 'European Community was the single most important international factor affecting Spain's political change.'<sup>41</sup> In Britain's case, from early studies of the 'missed opportunities' school to the first generation of revisionist historians, Britain's complicated relationship to the European project has been, and continues to be, fiercely contested terrain.<sup>42</sup> Both of these subjects would easily merit a historiographical essay in their own right, but in the interests of space, I will confine myself to one of the key questions addressed by this thesis, the way in which Britain and Spain's response to European integration impacted Gibraltar.

The idea that the common ground provided by Europe contributed to a brief 'honeymoon' period in Anglo-Spanish relations between 1957 and 1963 has been posited by various historians, including Carolina Labarta Rodríguez-Maribona, Rosa Pardo Sanz and Rafael Sánchez Mantero.<sup>43</sup> Few would dispute the fact that bilateral relations deteriorated rapidly from 1964 onwards, with profound implications for Gibraltar, but exactly why this happened is debated. For instance, while acknowledging the role played by structural changes at the UN as a result of the decolonisation process, Labarta argues that:

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<sup>40</sup> ['European impetus']

Miguel Ángel Ruiz Carnicer, 'La idea de Europa en la cultura Franquista 1939-62', *Hispania*, 58.199, (1998), pp.670-701 (p.700).

<sup>41</sup> Julio Crespo MacLennan, *Spain and the process of European integration, 1957-85* (Basingstoke: Palgrave, 2000), p. 182.

<sup>42</sup> Oliver J. Daddow, *Britain and Europe since 1945: Historiographical perspectives in integration* (Manchester: Manchester University Press, 2004), p. 59.

<sup>43</sup> Sánchez Mantero, 'Castiella y Gibraltar', p.145.

*junto a esto, quizás igualmente importante sea el hecho de que para 1964 el gran proyecto político de Castiella de recuperar el prestigio internacional perdido ha fracasado. Su solicitud a la CEE está en el congelador, en gran parte debido al veto de De Gaulle al Reino Unido.*<sup>44</sup>

In this reading, Castiella's failure to secure a place for Spain in Europe, as much as other factors, led him to turn his attention on Gibraltar, which from 1964 onwards became '*el único marco que le queda para justificar su gestión al frente del ministerio de exteriores.*'<sup>45</sup> Castiella's biographer, Rosa Pardo Sanz, takes a similar line. After some initial success in incorporating Spain into various international organisations — including the OEEC with British backing — in the most crucial and ambitious period of Castiella's time as Foreign Minister, from 1962 to 1964, during which he pursued associate membership of the EEC, Castiella was overruled by hardliners within the Franco regime. On the European question, the Spanish presidency hugely overreacted to the June 1962 gathering of pro-European opposition groups in Munich, effectively killing off any chance of a closer association with the EEC before it had been seriously considered in Brussels, while his other reforming efforts in relation to religious liberalisation and a re-balancing of the 1953 defence pact with the USA, were similarly blocked. This left Gibraltar, which became the '*leit motiv*' of his remaining time in office.<sup>46</sup> This thesis will present further evidence of a connection

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<sup>44</sup> Carolina Labarta Rodríguez-Maribona, 'Las relaciones Hispano-Británicas bajo el Franquismo; 1950-1973', *Studia Historica: Historia contemporánea*, 22, (2004), pp. 85-104 (p.95).

<sup>45</sup> ['perhaps just as important is the fact that by 1964 Castiella's grand political project to recover [Spain's] lost international prestige had failed. His request to the EEC is in the freezer, in large part due to De Gaulle's veto of the United Kingdom']

['the only setting left for him to justify his management at the head of the foreign ministry']

Carolina Labarta Rodríguez-Maribona, 'Las relaciones Hispano-Británicas bajo el Franquismo; 1950-1973', *Studia historica: Historia contemporánea*, 22, (2004), pp. 85-104 (p.95).

<sup>46</sup> Rosa Pardo Sanz, 'Fernando Castiella: una larga travesía hacia el liberalismo', in *Historia, política y cultura (Homenaje a Javier Tusell)*, ed. by Juan Avilés (Madrid: UNED, 2009), pp. 393-427 (p. 413).

between Spain's first, failed approach to Europe, De Gaulle's veto and what Pardo Sanz has called the 'nationalist turn' in Spanish foreign policy from 1965.<sup>47</sup> In the first few years after the creation of the EEC in 1957, there was a significant 'thaw' in the frosty post-war Anglo-Spanish relationship.<sup>48</sup> Ministerial visits took place, visas were abolished, and trade links deepened. Spain desperately needed Britain's support for its bid to join the OEEC, and with Europe split between the six members of the EEC and the seven members of the British-backed alternative, EFTA, it was the latter which held greater appeal in Madrid. In this improved atmosphere, the thorny issue of Gibraltar could be buried 'under the rug'.<sup>49</sup> But De Gaulle's veto not only ended British hopes of joining an enlarged EEC, it sunk Spain's bid for association, already holed beneath the waterline by the actions of the Franco regime. When the common ground provided by Europe disappeared, it did not take long for Gibraltar to re-emerge as a source of contention, and developments at the UN and the election of Harold Wilson's Labour Party contributed to a rapid deterioration in relations after 1964. By the time Wilson submitted a second application in 1967, Spain no longer wished to prioritise relations with Western Europe in the way it had earlier. Instead, Spain attempted to cultivate relations with Latin America and the 'Third World,' while associate membership of the EEC was abandoned in favour of a modest commercial agreement. The disappearance of Castiella and De Gaulle in 1969, combined with the revival of Britain's bid for membership under Edward Heath and the conclusion of Spain's trade agreement with the EEC in 1970, opened up the possibility that Europe might once again provide a platform for reconciliation. Jackson and Cantos argue that 'the common ground' provided by Europe gave added 'impetus' to the so-called '*nuevo clima*' in bilateral

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<sup>47</sup> Rosa Pardo Sanz, 'Las relaciones hispano- norteamericanas durante la presidencia de L. B. Johnson: 1964- 1968', *Studia Historica. Historia Contemporánea*, 22.13, (2004), pp. 137-183 (p. 137).

<sup>48</sup> Labarta, 'Las relaciones Hispano-Británicas', p. 95.

<sup>49</sup> TNA FO 371/163808, Anglo-Spanish Discussions on Gibraltar Matters, 25 June 1962.



relations during the period from 1970 to 73.<sup>50</sup> While Labarta argues that the emergence of this 'European' aspect to the Gibraltar question during the three-and-a half year tenure of Gregorio López-Bravo as Foreign Minister led to a period when Anglo-Spanish relations came closer than ever to 'normalisation' during the Franco era.<sup>51</sup> However there were limits to this rapprochement and, as this thesis shows, Gibraltar's acceptance into the EEC in 1973, at a time when Spain remained sidelined, caused serious disquiet in Madrid. The increasingly isolated Franco regime could only look on Gibraltar's inclusion with, as Britain's chief negotiator put it, 'a jealous and disapproving eye'.<sup>52</sup> Britain's accession to the EEC significantly undermined the value of Spain's (pre-enlargement) 1970 trade deal, while the early years of Britain's membership coincided with the increasingly repressive final years of the dictatorship following the assassination of Carrero Blanco in 1973, when Spanish-EEC relations reached a nadir. After Franco's death and the transition to democracy, bilateral relations were increasingly dominated by the attitude Britain might adopt to Spain's march towards Europe. As Chris Grocott and Gareth Stockey write in *Gibraltar: A Modern History*, Spain's desire for membership handed the UK 'a degree of leverage' when it came to Gibraltar.<sup>53</sup> But there is disagreement over how, when and to what extent the UK used this leverage, and what influence, if any, Gibraltarian leaders might have had. Hassan's biographers, former governor William Jackson and Gibraltarian journalist Francis Cantos, argue that James Callaghan's Labour government made a 'gross misjudgement' by not directly linking the lifting of frontier restrictions with British support for Spain's aspiration to join the EEC as early as 1976, during a period when 'Spain was politically at her weakest'. This was a 'lost opportunity' for which Gibraltar

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<sup>50</sup> William Jackson and Francis Cantos, *From Fortress to Democracy: The Political Biography of Sir Joshua Hassan* (Northampton: Gibraltar Books, 1995).p.174.

<sup>51</sup> Labarta, 'Las relaciones Hispano-Británicas', p.104.

<sup>52</sup> TNA CAB 164/1346, Report on the negotiations for entry into the European Community, June 1970 - January 1972.

<sup>53</sup> Gareth Stockey and Chris Grocott, *Gibraltar: A Modern History* (Cardiff: University of Wales Press, 2012), p. 114.

would suffer the consequences.<sup>54</sup> It was only after the arrival of Thatcher's Conservatives in 1979 that 'the trump card' of refusing to sign Spain's Treaty of Accession was finally and decisively played.<sup>55</sup> This is a view echoed by Labarta who writes that:

*La Declaración de Lisboa era el resultado de la firmeza de la postura del gobierno de Thatcher, y sobre todo, de la nueva postura de ésta ante la CEE. Al contrario que los gobiernos laboristas, Thatcher no tenía reparos en invocar el espectro de la oposición británica al ingreso de España en las instituciones europeas.*<sup>56</sup>

The Spanish diplomat Fernando Olivé acknowledges the threat of a British veto hung like 'a sword of Damocles' over Spain's negotiations with the EEC.<sup>57</sup> In contrast, the former Spanish Foreign Minister, Fernando Morán, claims the Spanish side never attached 'excessive importance' to the veto threat, believing British political and economic interests favoured Spanish accession.<sup>58</sup> In *The Making of a People*, Garcia acknowledges the significance of the British veto once Spain's application was on the table, but in contrast to Jackson and Cantos, is highly critical of the Thatcher government, which he believes, 'backed down at the last moment' by making a number of 'totally unnecessary' concessions in the 1984 Brussels Agreement.<sup>59</sup> The intervening years have not altered his view, and in 2021 he argued the UK 'committed a serious error of judgement' by not

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<sup>54</sup> Jackson and Cantos, *From Fortress to Democracy*, p.199.

<sup>55</sup> *Ibid.*, p. 228.

<sup>56</sup> [The Lisbon Declaration was the result of the firmness of the Thatcher government's position, and above all, of her new position in relation to the EEC. Unlike the Labour governments, Thatcher had no qualms about invoking the spectre of British opposition to Spain's entry into the European institutions]

Labarta, 'Reino Unido y España', p.104.

<sup>57</sup> Fernando Olivé, 'Gibraltar y la política exterior de la democracia, 1975 a nuestros días', in *Estudios sobre Gibraltar* (Madrid: INCIPE, 1996), pp.141-201 (p. 164).

<sup>58</sup> Fernando Morán, *España en su sitio* (Barcelona: Plaza & Janes/Cambio 16, 1990), p. 378.

<sup>59</sup> Garcia, *The Making of a People*, p.187.

demanding Spain lift the blockade 'unconditionally' as the price of Spanish entry, or wielding the threat of a veto to persuade Spain to drop its sovereignty claim altogether.<sup>60</sup> This thesis makes use of all of the newly accessible sources to determine the exact sequence of events which led to the re-opening of the frontier in February 1985, ten months ahead of Spain's accession to the EEC. I suggest that although there was a change of tone after Thatcher's election in May 1979, the British position on linkage had already begun to harden *prior* to the 1979 election. Furthermore, this firmer stance was not simply a result of a change of government, but derived in large part from a re-examination of the relative strength of the British and Spanish legal positions in relation to the border restrictions in the EEC context. The realisation that even the possibility of a British veto might not be enough to persuade successive Spanish governments to lift the Franco-era restrictions eventually led to Sir Geoffrey Howe's offer to advance EEC rights ahead of accession. I will show that the controversial offer to discuss sovereignty, alluded to at Lisbon but explicitly stated in the 1984 Brussels Agreement, was a last minute concession to ensure Spain committed to a firm date for the border re-opening, almost four years after it had first pledged to do so. Howe was explicit about the need to positively influence the outcome of Spain's referendum on NATO membership and to keep to the timetable for Spain's accession, avoiding complications for which Britain would be blamed. For Hassan, agreeing to Brussels, even with a public reservation on the sovereignty question, was a huge political gamble, but a 'sheer necessity to survive'.<sup>61</sup> In doing so, he handed his political opponents a bat with which to beat him for the rest of his time in office. The revelation that he had been privy to the secret offer to advance EEC rights, whilst publicly advocating further exemptions from EEC legislation, laid him open to the charge of

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<sup>60</sup> Garcia, 'Gibraltar and the European Union,' pp. 387-388.

<sup>61</sup> Jackson and Cantos, *From Fortress to Democracy*, p.259.

hypocrisy and putting British interests above Gibraltar's, an accusation that proved fatal to his political career in the increasingly nationalistic atmosphere prevailing in Gibraltar.

## 1.2 Methodology

The bedrock of this thesis is a detailed examination of archival sources, many of which have only been released to The National Archives in Kew in the past decade or so.

However, it is worth noting that the closer I came to the present day, the more likely I was to encounter obstacles. Access to departmental records in the UK is governed by the 1958 Public Records Act, and under a 2010 amendment the deadline for the transfer of historic records has been reduced from 30 to 20 years. This means that, in theory, all of the records from the period covered by this thesis (1957-87) should now be available to public and researchers alike. In practice, I discovered many key documents, including files relating to the 1984 Brussels Agreement, remain closed under various exemptions permitted by the Freedom of Information (FoI) Act 2000. During the research for this thesis, I submitted several FoI requests to the relevant departments to try and gain access to these files, but with limited success. The exemption most commonly cited in favour of continued closure was Section 27, covering the UK's relations with other states, a sign of just how sensitive many of the events described here remain today. Where there are gaps in the official record, I state this clearly, and endeavour to explain how I have reached my conclusions from the sources which are available, including memoirs and contemporary newspaper accounts. Access to the records of the Spanish Ministry of Foreign Affairs (MFA) for this period has, unfortunately, been severely curtailed by a sweeping official secrecy law agreed in 2010, which restricts access to sensitive material.<sup>62</sup> As a result, I have had to rely on some of the excellent work done by Spanish historians of this period

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<sup>62</sup> Miguel González, 'Exteriores blindada todos sus documentos', *El País*, 3 June 2012.

prior to 2010. I have been able to access records held in Gibraltar by the Gibraltar National Archive (GNA), including the minutes of Executive Council meetings as well as parliamentary records, including the Gibraltar Parliament (previously House of Assembly) Hansard. These official records have been supplemented by contemporary newspaper reports housed at the British Library in London, the Garrison Library in Gibraltar and online. Finally, I have made use of as much published material as I could lay my hands on, not just from within the academy, but also the memoirs and biographies of those involved.

It has not always been clear where the disciplinary boundary between diplomatic history and the branch of political science known as international relations lies. According to one view, diplomatic historians have tended to favour ‘narrative-based’ over ‘theory-based’ explanations and unlike political scientists, who are ‘explicitly mandated to make predictions’, historians have generally declined to do so.<sup>63</sup> This thesis does not make any attempt at predicting the future, nor does it claim to offer a wider explanatory framework beyond the particular case study which is examined in detail in the following pages.

However while many aspects of Gibraltar’s journey towards, and membership of, the European Economic Community (EEC) were unique, it would be wrong to conclude that the territory was somehow insulated from wider historical currents and trends, whether local, regional or indeed global. In fact, it is precisely because Gibraltar found itself caught between two of the post-war world’s most significant processes — decolonisation and European integration—that the political history of this period is so interesting.

Before looking at how these processes impacted Gibraltar in the 20th century, it is instructive to look a little further back. There is a good case to be made that all three

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<sup>63</sup> Colin Elman and Miriam Fendius Elman, ‘Diplomatic History and International Relations Theory: Respecting Difference and Crossing Boundaries’, *International Security*, Vol. 22, No. 1 (1997), pp. 5-21 (p 7).

corners of what Morris and Haigh refer to as ‘the eternal triangle’<sup>64</sup> — Britain, Spain and Gibraltar — owe their existence, in something like their modern form, to a turbulent period of European history between 1700 and 1716, and furthermore that these developments coincided with a seminal moment in the history of inter-state relations.<sup>65</sup> Along with the 1648 Peace of Westphalia, the 1713 Treaty of Utrecht ‘established a pattern of state interaction via treaty making’ which has proved influential and enduring.<sup>66</sup> Although the idea that these treaties, and these treaties alone, ushered in a new, and fully formed ‘system of states’ has been challenged, they were nevertheless key milestones on the journey from an undiluted ‘Realist’ view of international relations towards something like the ‘Liberal’ internationalism and respect for the rule of law that is still (just about) recognisable today.<sup>67</sup>

The Peace of Utrecht, like Westphalia 65 years earlier, was designed to limit the universalist aspirations of the Habsburg monarchy and maintain the balance of power in Europe. In this way, bit by bit, treaty by treaty, the idea that ‘a society of states’ might come together to impose limits on state actions in the interests of international order took hold.<sup>68</sup> This process arguably reached its apotheosis with the Charter of the United Nations in 1945, which sought to ‘maintain international peace and security’ through cooperation

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<sup>64</sup> D.S. Morris and R. H. Haigh, *Britain, Spain and Gibraltar 1645-90: The Eternal Triangle* (London and New York: Routledge, 1992).

<sup>65</sup> The death of the childless Habsburg monarch, Charles II, in 1700 led to the War of the Spanish Succession, during which Gibraltar was seized by an Anglo-Dutch force in support of Archduke Charles of Austria’s claim to the Spanish throne. It was ceded ‘in perpetuity’ to the British crown in the 1713 Treaty of Utrecht. During the conflict, the 1707 Act of Union formally united England and Scotland into one united kingdom, while Spain’s new Bourbon monarch, Philip V, abolished the regional privileges of the Aragonese territories, including Catalonia, which had sided with the Austrian claimant through his *Nueva Planta* decrees (1707-1716) laying the foundations for a centralised Spanish state.

<sup>66</sup> Professor Jack Spence, *Treaty-Making and International Relations* (2013) <<https://www.gresham.ac.uk/watch-now/treaty-making-and-international-relations>> [accessed 28 June 2023], p. 2.

<sup>67</sup> Christian Reus-Smit, *International Relations: A very short introduction*, (Oxford: Oxford University Press, 2020), p. 89.

<sup>68</sup> Hedley Bull, *The Anarchical Society: A Study of Order in World Politics*, (London: Macmillan, 1977) p. 13.

between sovereign equals.<sup>69</sup> At first these sovereign equals excluded the vast territories still under colonial rule but between 1946 and 1975, seventy-six new sovereign states joined the international family of nations as the European empires collapsed.<sup>70</sup> This fundamentally changed the composition of the UN which became one of the main vehicles through which decolonisation and the right to self determination could be pursued. In particular, General Assembly resolution 1514 (XV) in December 1960, declared that ‘all peoples have the right to self determination’ and called for immediate steps to transfer power to those territories which had not yet achieved independence.<sup>71</sup> Yet, as the legal scholar Jamie Trinidad notes, the drafters of the declaration ‘left no doubt that self-determination as a legal norm would be administered so as to uphold an international order founded on sovereign States and respect for existing territorial boundaries.’<sup>72</sup> An earlier attempt to extend the right of self determination to minorities or indigenous peoples within an existing state, sometimes referred to as the ‘Belgian Thesis’, was rejected by the General Assembly which chose instead to define non-self-governing territories as those that were ‘geographically separate’ and ethnically or culturally distinct from the administering power.<sup>73</sup> The right to self determination would therefore be limited by pre-existing colonial boundaries, and the threat to the international order posed by secessionist movements such as the Katanga province which had attempted to breakaway from the newly independent Republic of Congo in 1960 shortly before resolution 1514 was agreed. Paragraph six declared ‘any attempt at the partial or total disruption of the national

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<sup>69</sup> United Nations, *United Nations Charter (full text)* (2023) <<https://www.un.org/en/about-us/un-charter/full-text>> [accessed 28 June 2023].

<sup>70</sup> Reus-Smit, *International Relations*, p. 91.

<sup>71</sup> United Nations, *Declaration on the Granting of Independence to Colonial Countries and Peoples* (2023) <<https://digitallibrary.un.org/record/206145?ln=en>> [accessed 28 June 2023].

<sup>72</sup> Jamie Trinidad, *Self Determination in Disputed Colonial Territories* (Cambridge: Cambridge University Press, 2018), p. 10.

<sup>73</sup> United Nations, ‘General Assembly Resolution 1541 (XV)’ (2023) <<https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/153/15/PDF/NR015315.pdf?OpenElement>> [accessed 11 July 2023].

unity and the territorial integrity of a country' during the decolonisation process to be incompatible with the Charter.<sup>74</sup> The tension between the right to self determination and the limits placed on it by arguments over territorial integrity lie at the heart of the Anglo-Spanish dispute over Gibraltar. It is not my intention in the following work to subject competing claims to the sovereignty of Gibraltar to detailed legal analysis, although I would point interested readers in the direction of Jamie Trinidad's *Self Determination in Disputed Colonial Territories*. However we should bear in mind that the proliferation of bilateral and multilateral treaties signed since Utrecht in 1713, not least those pertaining to the European Economic Community (EEC) and its successors, have attempted to balance the pursuit of each country's national interests with the need for international 'order' and 'justice'.<sup>75</sup> While not subscribing to any of the explanations offered by international relations theorists on European integration,<sup>76</sup> it is hoped that this thesis will provide a richly researched example of the interaction between nationalist and internationalist concerns during a critical period for Gibraltar and the Anglo-Spanish relationship more broadly.

### 1.3 Structure

This thesis is structured chronologically, and moves through the course of six chapters and 30 years from the founding of the EEC in 1957 until the end of 1987. In Chapter 2, I examine reaction to the early stages of European integration amongst Gibraltar's political leaders; the implications of Britain's first EEC application in 1961-63; the origins of Gibraltar's differentiated status within the Community, and the way in which Britain and

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<sup>74</sup> United Nations, 'Declaration on the Granting of Independence to Colonial Countries and Peoples' (2023) <<https://digitallibrary.un.org/record/206145?ln=en>> [accessed 28 June 2023].

<sup>75</sup> Bull, *The Anarchical Society*, p. 319.

<sup>76</sup> For example Andrew Moravcsik's theory of 'liberal intergovernmentalism' outlined in *The choice for Europe: social purpose and state power from Messina to Maastricht*, (London: UCL Press, 1999).



Spain's turn to Europe created the common ground for a 'thaw' in bilateral relations. Chapter 3 covers the period from 1964 until the closure of the frontier in 1969, and looks at the rise of political integrationism on the Rock and its link to the European option; the effect of the changing international context on Gibraltarian thinking at the time of Britain's second bid for EEC membership in 1967; and the link between Spain's 'nationalist turn' in 1965 and Britain and Spain's exclusion from Europe. In Chapter 4 there is a detailed examination of the impact that the integrationist-led government and the closed frontier had on Gibraltar's entry into the EEC in 1973; the progress of the negotiations and the decisions that led to partial membership. In Chapter 5, I look at the high point for enthusiasm for the European option in Gibraltar following the British referendum on EEC membership in 1975 and the transition to democracy in Spain, and the first attempts to outline what a European solution might look like in practice. This chapter also examines the growth of domestic opposition to the Strasbourg Process (1977) and the Lisbon Agreement (1980) and the reexamination of Gibraltar's partial membership which took place in 1979. Chapter 6 looks at the crucial two-year period between the partial opening of the frontier in December 1982 and the signing of the controversial Brussels Agreement in November 1984; the tactics Britain employed to get the remaining frontier restrictions lifted in the context of Spain's impending accession to the Community and the extent to which this approach was supported in Gibraltar, amid growing concerns about what common membership of Europe might mean for Gibraltar's cocooned society. Chapter 7 looks at the first few years following the full re-opening of the frontier in February 1985, during which the implications of the earlier decision to remain outside the customs union became apparent; Spain's tactics within the Community dispelled any lingering hopes for a 'European solution' and frustration and resentment at Gibraltar's lack of an independent voice in Europe contributed to the rise of Gibraltarian nationalism and the end of Hassan and the AACR's long political dominance. In the Conclusion, I outline what I believe to be

some of the long-term implications of this crucial period in Gibraltar's contemporary history and the continuing relevance of the 'European factor' today.

## Chapter 2 — A new dawn? (1957-1963)

### 2.1 Introduction

In this chapter, we will see how the movement towards greater European integration between 1957 and 1963 influenced Anglo-Spanish relations, which had reached a historic low in the wake of Queen Elizabeth II's 1954 visit to Gibraltar. Britain and Spain's approach to Europe also raised profound questions about Gibraltar's economic and political future, even before the period of self-examination sparked by the events at the UN. Today, Fernando Castiella's time as Spanish Foreign Minister is best remembered in Gibraltar for his vigorous pursuit of Spain's sovereignty claim, and the closure of the frontier in 1969. But before he became the '*martillo contra Albión*',<sup>77</sup> Spain's need for British support in its turn to Europe allowed differences over Gibraltar to be buried 'under the rug' during his first six years in office.<sup>78</sup> Castiella's efforts to build bridges with Western Europe, including Britain, through abolishing visas, increasing tourism, cultural conventions and ministerial visits were designed to serve the wider goal of re-orientating the Spanish economy. Both Britain and Spain found themselves, for different reasons, on the sidelines in the push to create first a coal and steel community, and then, in 1957, a European Economic Community (EEC). This was because both countries shared a degree of scepticism about the EEC's supranational elements. The political implications of EEC membership meant Spain took a close interest in the UK's idea of a looser Free Trade Area to cover all members of the OEEC. Membership of the OEEC, formed to distribute Marshall Aid from which Spain was excluded, was viewed in Madrid as a crucial step in the country's

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<sup>77</sup> ['hammer against Albion']

Isidro Sepúlveda, *Gibraltar: La Razón y La Fuerza*, (Madrid: Alianza Editorial, 2004), p. 288.

<sup>78</sup> TNA FO 371/163808, Anglo-Spanish Discussions on Gibraltar Matters, 25 June 1962.

economic liberalisation. But Britain's decision to support Spain's candidacy, without linking this to a change in the situation at Gibraltar, created resentment on the Rock and the suspicion that when push came to shove Britain would always prioritise its own economic interests. The establishment of a European Free Trade Association (EFTA) of seven outer European countries in 1959 divided Europe into two blocs. Spain's improving relations with Britain, the inclusion of neighbouring Portugal, and its markedly less political character, meant EFTA held greater appeal to those within the Franco regime who were nervous of the overtly political and democratising aspects of the EEC. The choice, if it existed, was removed by Britain's decision in July 1961 to abandon EFTA and seek EEC membership. Spain made its own approach for associate membership just over six months later. This was the wider context to Britain's first entry negotiations between 1961 and 1963.

For Gibraltarians, up until this point primarily concerned with their own constitutional progress, the economic and political questions raised by Britain and Spain's turn to Europe were profound. The negotiations with Brussels precipitated an 18-month long investigation into what it might mean for Gibraltar. Economically, EEC membership would have major implications for Gibraltar's free port, the re-export trade to Spain and sales to tourists, not to mention the added complexity of applying a common tariff and strict customs controls where these had been previously lacking. Politically, the ramifications were just as significant. Depending on the outcome of both sets of negotiations, Gibraltar might find itself being 'swallowed up' by Spain,<sup>79</sup> or further 'isolated'.<sup>80</sup> In the end, Gibraltarian leaders judged the 'political need to remain close to Britain' overrode other considerations.<sup>81</sup> Although ended abruptly by De Gaulle's 1963 veto, Britain's first

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<sup>79</sup> TNA CO 852/2053, Raymer to Vernon, 12 September 1962.

<sup>80</sup> TNA CO 852/2053, Bates to Trafford Smith, 30 July 1962.

<sup>81</sup> TNA CO 852/2053, Vernon to Gorell Barnes, October 1962.

approach to Europe highlighted many of the themes which will feature prominently throughout this thesis. A tension between economic and political factors; the need for special arrangements which took into account Gibraltar's unique circumstances, and Britain's attempts to balance its own interests, including bilateral relations with Spain, with those of Gibraltar.

## **2.2 Background (1945-1957)**

Before we look at how the post-1957 turn to Europe provided the foundation for an improvement in Anglo-Spanish relations, it is instructive to recall just how bad they had been in the decade after the war. Indeed Britain was, to a large extent, responsible for Spain's international isolation. It had issued a Tripartite Declaration, alongside France and the United States, in February 1946 warning that as long as Franco remained in power 'full and cordial' relations with the wartime allies would be impossible.<sup>82</sup> The 'Spanish Question' dominated early sessions of the new United Nations which, with British backing, passed Resolution 39 in December 1946, banning Spain from membership.<sup>83</sup> If the UN resolution was a blow to the Franco regime's prestige, the decision to exclude Spain from the US-funded Marshall Aid programme posed an even greater threat to its survival. The plan, designed to re-build the war-shattered European economies, was announced in June 1947 and the following year a new organisation was established to administer it — the Organisation for European Economic Co-operation (OEEC). Despite America's willingness to include Spain, France and the UK were firmly opposed. As a result, as Florentino Portero has written: 'Spain remained an outsider; her government felt humiliated and

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<sup>82</sup> *A Decade of American Foreign Policy: Basic Documents, 1941-49*. (United States: US Government Printing Office, 1950) p. 887.

<sup>83</sup> Florentino Portero, 'Spain, Britain and the Cold War,' in *Spain and the Great Powers*, ed. by Sebastian Balfour and Paul Preston (London: Routledge, 1999), pp. 210-228 (p. 218).

Britain appeared, once again to have been responsible for this renewed isolation'.<sup>84</sup> The same was true in the realm of defence and security where despite its strategic value, Spain was not invited to participate in any of the treaties which led to the creation of the North Atlantic Treaty Organisation (NATO) in 1949. Spain thus found itself excluded from all efforts to re-construct the post-war world, politically, economically and militarily, while Britain continued to play a major role on the world stage. No wonder, when reviewing the state of Anglo-Spanish relations in 1955, the British Ambassador concluded that the post-war period had been marked by a 'strong feeling of bitterness towards the United Kingdom' and by a sense of 'inferiority and isolation'.<sup>85</sup>

Spain's exclusion from nascent attempts at European political integration were complicated by the nature and ideology of the regime. Tension between the liberal 'Europeanising' elements of Spanish society and the traditionalist-nationalist elements spanned much of the nineteenth century and early decades of the twentieth century. After a brief-flowering of outward-facing internationalism under the Second Republic, the forces of nationalism and conservatism reasserted themselves with the military uprising led by Franco in 1936. Indeed Franco was explicit that he was rescuing Spain from foreign doctrines and in particular the 'bastard, Frenchified, and Europeanising' influences of Spanish liberalism.<sup>86</sup> When the International Committee of Movements for the Unification of Europe met in The Hague in May 1948, Spain was not officially represented, but exiled members of Spanish opposition groups did attend, from liberals like Salvador de Madariaga, to socialists such as Enrique Adroher, secretary of the Socialist Movement for a United States of Europe. Following these discussions, the Council of Europe was

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<sup>84</sup> Portero, 'Spain, Britain and the Cold War,' p. 223.

<sup>85</sup> TNA FO 371/117870, Mallet to Macmillan, 3 June 1955.

<sup>86</sup> Quoted in MacLennan, *Spain and the process of European integration*, p.13.

created in London in May 1949, emphasising 'political liberty and the rule of law'.<sup>87</sup> Once again, there was no official Spanish involvement, and Franco made abundantly clear what he thought of these early moves towards European integration:

We find the States of Europe so awkward, so old, so divided and their policies so full of Marxism, passions and resentment, that they have unwittingly driven us toward where our heart beckons: to closeness and understanding with the peoples of our lineage. America once again brings Spain its historical destiny and the sympathies of our nation leap toward it in the call of our blood, faith and language. <sup>88</sup>

The following year the Council of Europe established the European Convention on Human Rights (ECHR) and in August 1950 the European Assembly passed a resolution hoping 'the Spanish people may be able to hold free elections' in the near future.<sup>89</sup> The Council of Europe drew a distinction between democratic and non-democratic non-member states, with countries in the latter group, like Spain, eligible only for technical committees. With the doors to Europe firmly closed, Spain adopted a politics of 'substitution'; prioritising '*relaciones especiales*' with the Arab world and Latin America.<sup>90</sup> Indeed without the critical economic support of the Peronist regime in Argentina the regime may not have survived. Ultimately, however, it was the renewal of relations with the US as a result of the Cold War

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<sup>87</sup> Council of Europe, *Statute of the Council of Europe* (2023) <<https://rm.coe.int/1680306052>> [accessed 11 July 2023].

<sup>88</sup> Enrique Moradiellos, 'Franco's Spain and the European Integration Process (1945-1975)', *Bulletin for Spanish and Portuguese Historical Studies*, Vol. 41, Issue 1, (2016), pp. 67-78 (p.71).

<sup>89</sup> Carlos Sanz Díaz, 'Franco's Spain and European integration' (2016) <[https://www.cvce.eu/content/publication/2010/4/28/481bb424-d791-48cf-8d54-7746982d42ec/publishable\\_en.pdf](https://www.cvce.eu/content/publication/2010/4/28/481bb424-d791-48cf-8d54-7746982d42ec/publishable_en.pdf)> [accessed 11 July 2023].

<sup>90</sup> ['special relations']

Antonio Moreno Juste, 'El desequilibrio entre adaptación y diferenciación en los intentos de aproximación del régimen de Franco a Europa: 1945 - 1962', *Mélanges de la Casa de Velázquez*, tome 31-3, 1995. *Epoque contemporaine*. pp. 29-47, (p.35).

that proved the most important factor in Spain's re-emergence into the international community. A pact was signed with President Eisenhower's government in September 1953, providing military and economic assistance in exchange for the right to construct air and naval bases on Spanish soil. More important than any economic impact, however, was the political importance of the agreement, along with a *Concordat* with the Vatican concluded around the same time. As Rosa Pardo Sanz has written:

*para la dictadura era la vía de su rehabilitación internacional sobre la base ideológica en que se sentía más cómoda, el anticomunismo, y sin necesidad de concesiones políticas. De esta forma, el Régimen podía seguir prescindiendo de Europa, fuente de inquinas históricas y aversiones ideológicas.* <sup>91</sup>

Improving relations with Washington did not therefore translate into better relations with Europe. On the contrary, the security provided by the US pact enabled the regime to maintain its nationalist, anti-European stance. The following year, relations with the UK deteriorated further when Queen Elizabeth II visited Gibraltar on the final leg of her Coronation tour.

The Second World War had also marked a significant watershed in the history of Gibraltar. At the outbreak of hostilities, the City Council, the only forum for civilian representation, was suspended and direct military rule imposed; while 15,000 Gibraltarians ('useless mouths' in the Governor's infamous phrase), including women, children and the elderly,

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<sup>91</sup> [for the dictatorship it was the path to international rehabilitation on the ideological foundation in which it felt most comfortable, anti-communism, and without the need for political concessions. In this way, the regime could continue to dispense with Europe, which was the source of historical grudges and ideological loathing'.]

Rosa María Pardo Sanz, 'La salida del aislamiento: la década de los cincuenta', in *La España de los cincuenta* ed. by Abdón Mateos López (España: Ediciones Eneida, 2008) pp. 109-133. (p.114).



were evacuated from their homes, the vast majority to the UK.<sup>92</sup> It was this visceral realisation that the ‘fortress’ did indeed ‘come first’ that led to the establishment in 1942 of the Association for the Advancement of Civil Rights (AACR).<sup>93</sup> The AACR was formed by a broad coalition of trade unionists and local professionals to campaign for the safe return of the evacuees and constitutional advancement once the war was over. These advances were modest at first, the AACR swept the board at the first elections to the reformed City Council in July 1945, and the final evacuees returned home in 1951. However the introduction of a Legislative Council in 1950 was a breakthrough in Gibraltar’s slow march towards self-government, and in 1956 it gained a fully elected majority for the first time. During these early years, Gibraltar’s elected representatives, on both the City and Legislative Councils (some members sat on both), were fully occupied with issues of severe overcrowding, re-housing returning evacuees, the provision of clean water, sanitation, electricity and how to fund all this through taxation. The visit of the Duke of Edinburgh in November 1950 to inaugurate the new Legislative Council provided the first hint that Spain might be preparing to renew its sovereignty claim, but it was only after the injection of confidence provided by the US pact in 1953 that the Franco regime really stepped up its campaign. The Queen’s two day visit in May 1954 provided the pretext for a series of protests, a sustained propaganda campaign in the Spanish media, the closure of the Spanish consulate in Gibraltar, and new restrictions at the frontier, where British passport holders were only permitted one crossing per day, Spaniards without a work permit were denied entry and the issue of new permits was suspended. The Queen’s visit was not the only source of tension. Spanish arms sales to the Egyptian nationalist leader Gamal Abdel Nasser and the seizure of 30,000 bibles belonging to the British Bible Society in 1956 did not help either, and by the mid-1950s, despite the lifting of the UN ban on

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<sup>92</sup> T. J. Finlayson, *The Fortress Came First* (Northampton, Gibraltar Books, 1990), p.2.

<sup>93</sup> *Ibid.*

diplomatic relations with Spain in 1950 (a vote in which the UK abstained), Anglo-Spanish relations were as bad as they had been at any point since the war.

### **2.3 The turn to Europe (1957)**

In retrospect, 1957 was a turning point, not just for Europe more widely, with the creation of the EEC, but for efforts to improve Anglo-Spanish relations. In January 1957, Harold Macmillan, became Prime Minister after the resignation of Anthony Eden, and the Suez crisis. Macmillan would occupy 10 Downing Street for the next six years, and in 1961 became the first British Prime Minister to apply for EEC membership. He had enjoyed a wartime friendship with the architect of the European Coal and Steel Community (ECSC), Jean Monnet, and was critical of the Labour government's decision not to take part in the discussions which led to its creation. Reacting to news of his appointment, Spanish newspapers drew attention to the 'number of ministers who are interested in closer co-operation with Europe' and surmised that a 'more European policy' might be expected.<sup>94</sup> The following month in Spain, a new set of younger, European-orientated ministers were appointed to Franco's cabinet and charged with changing the country's economic fortunes. As in Britain, these changes came about as a direct result of a series of political and economic crises which hit the regime in 1956, from student agitation at home to the forced withdraw from the northern part of the Spanish protectorate in Morocco. Above all, it was the economic crisis, a result of Spain's protectionist, autarchic economic model, which threatened the regime's future. As Heidi Cristina Senante Berendes has pointed out, Franco's economic model stemmed from the same place as his foreign policy; that is a profound mistrust of the outside world.<sup>95</sup> By 1957 it was no longer sustainable if Spain was

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<sup>94</sup> TNA FO 371/130340, Spanish press reaction to the appointment of Mr Macmillan, 19 January 1957.

<sup>95</sup> Senante Berendes, *España ante la integración Europea*, p.21.

to avoid bankruptcy, and in February the key economic ministries were handed over to a younger group of 'technocrats', many associated with the Catholic lay movement *Opus Dei*. These included 43-year old Alberto Ullastres, the Minister for Commerce, Mariano Navarro-Rubio, the Finance Minister, and 36-year old Laureano López-Rodó who had taken up a technical role at the end of 1956. As Rosa Pardo Sanz has written, the 1957 cabinet re-shuffle was an attempt at re-balancing the government between the various 'political families' which supported Franco after José Luis Arrese's failed effort to '*refalangistizar*' the regime.<sup>96</sup> The new economic ministers were joined by a new Foreign Minister, Fernando Castiella y Maíz, a former Ambassador to the Holy See and according to Raimundo Bassols '*el más europeísta*' of the members of Franco's new government.<sup>97</sup> Together the new ministers were given the task of liberalising the Spanish economy. Castiella's role would be to improve relations with Western Europe, including Britain, and to obtain membership of international organisations such as the IMF and the OEEC to facilitate this change of direction, while his diplomats were charged with presenting a 'softer image' of Spain in international fora.<sup>98</sup> Today there is disagreement amongst scholars over how genuine this 'pro European turn' really was, with some, such as Hipólito de la Torre Gómez, arguing that the arrival of the new ministers, and Castiella in particular, brought about '*un fuerte impulso a la orientación occidentalista y europea de la política internacional española*'.<sup>99</sup> Similarly, the future Spanish Foreign Minister, Marcelino Oreja, Aguirre, who worked alongside Castiella (a man of 'strong European convictions'),

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<sup>96</sup> ['re-Falangistise']

Pardo Sanz, *La salida del aislamiento*, p.117.

<sup>97</sup> ['the most pro-European']

Ibid., p. 124.

<sup>98</sup> Pardo Sanz, 'Fernando Ma Castiella: una larga travesía hacia el liberalismo', p. 410.

<sup>99</sup> ['a strong boost to the Western and European orientation of Spanish international policy']

Hipólito de la Torre Gómez, 'La España de Franco desde el exterior: el inacabado camino hacia Occidente (1955-1975)', *Espacio, tiempo y Forma*, Serie V, Historia Contemporánea, t. 25, 2013, pp. 211-236, p.218.

believes the new ministers appointed in 1957 had a 'clear European vocation'.<sup>100</sup> Others such as Julio Crespo MacLennan and Miguel Ángel Ruiz Carnicer maintain that the 'Europeanism' of these technocrats has been overplayed, and was driven more by economic necessity than ideology.<sup>101</sup> However the perception of a change of direction was certainly discernible at the time, with contemporary newspaper reports indicating that the new appointments suggested the regime was becoming 'more flexible and tending towards greater liberalism in both politics and trade'.<sup>102</sup>

Encouraged by these signs, the British Ambassador in Madrid, Sir Ivo Mallett, wrote a 15-page memo to Foreign Secretary Selwyn Lloyd in June 1957, arguing the 'moment' had arrived to bring about a substantial improvement in relations. Not only was there now a Foreign Minister who 'openly voices his determination to improve Anglo-Spanish relations' but there was a 'strong' feeling there needed to be greater cooperation with Europe. Although it was clear to Mallett that opinion remained divided within the regime, 'today the liberals are raising their heads'.<sup>103</sup> This was not the first time the ambassador had suggested an effort be made to break the log-jam over Anglo-Spanish relations. In 1955, shortly after replacing Sir John Balfour as ambassador, Mallett had urged the then-Foreign Secretary Harold Macmillan to adopt a 'more positive policy towards Spain', arguing that the 'cold-shoulder' approach since the war had not only been ineffective, it may have actually strengthened Franco's position.<sup>104</sup> Full diplomatic links had been restored in 1951,

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<sup>100</sup> Historical Archive of the European Union (HAEU) , Oral History Collections: Voices on Europe, *Marcelino Oreja Aguirre* (1998) <[https://archives.eui.eu/en/oral\\_history/INT635](https://archives.eui.eu/en/oral_history/INT635)> [accessed 11 September 2023].

<sup>101</sup> See MacLennan, *Spain and the process of European integration*, p.23 and Carnicer, 'La idea de Europa en la cultura Franquista,' p.698.

<sup>102</sup> Henry Buckley, 'Spanish Cabinet changes suggest tendency to greater liberalism', *Gibraltar Chronicle*, 4 March 1957, p.2.

<sup>103</sup> TNA FO 371/130340, Mallett to Lloyd, 14 June 1957.

<sup>104</sup> TNA FO 371/117870, Mallett to Macmillan, 3 June 1955.

and sooner or later Britain would have to take a position on Spain's bid for UN membership. In October 1955, Macmillan told the Cabinet that failure to support Spain's candidacy at the UN would 'destroy the prospect of improving Anglo-Spanish relations'.<sup>105</sup> Moreover there was a 'good case' for supporting Spanish membership of the OEEC, and to at least 'consider sympathetically' the idea of admitting Spain to the Council of Europe. Gibraltar remained a continuing source of irritation, he admitted, but there were 'weighty objections' to striking some kind of 'bargain' with Franco. This would just encourage him to believe his policy of 'pin-pricks and restrictions' had succeeded.<sup>106</sup> The Secretary of State for the Colonies, Alan Lennox-Boyd, told colleagues he had been left in no doubt about the 'strong feelings' aroused by the Spanish restrictions and Britain's 'apparent impotence' to do anything about them on a recent visit to Gibraltar. However, he also thought it would be a 'mistake' to try and strike a bargain.<sup>107</sup> The Cabinet agreed Britain 'should seek to bring about a progressive improvement in our relations with Spain' by supporting its applications to the UN and the OEEC.<sup>108</sup> Britain duly supported Spain's accession to the UN in December 1955. Two years later, and with Macmillan now Prime Minister, it was clear the 1955 initiative had failed. The Spanish government had never officially responded to the overture and in January 1956, shortly after the UN vote, Franco had repeated his call for the return of Gibraltar in an interview with the *Daily Mail*. The policy was reviewed in July 1956, but a return to the pre-1955 approach, or even some form of retaliation, was rejected. There were, however, reasons to suspect that a fresh approach in 1957 might bear fruit, not least within the context of burgeoning European economic and political co-operation.

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<sup>105</sup> TNA CAB 129/77/47, Spain: Note by the Secretary of State for Foreign Affairs, 7 October 1955.

<sup>106</sup> Ibid.

<sup>107</sup> TNA CAB 128/129/36, Conclusions of a Meeting of the Cabinet held at 10 Downing Street, 20 October 1955.

<sup>108</sup> Ibid.

Shortly after Macmillan and the Spanish technocrats took office, negotiations between the six members of the European Coal and Steel Community (ECSC) took a giant step forward with the signing of the Treaty of Rome in March 1957, and the creation of a European Economic Community (EEC). Neither Britain nor Spain had been involved in the Messina negotiations, and both nations were inclined to dismiss its significance. The truth was, there was still no clear picture in 1957 of what eventual form European co-operation might take. A dizzying array of organisations and acronyms had come into existence in the 1940s and 1950s, each with their own pseudo-parliamentary institutions: the Assembly of the Western European Union (WEU), the Consultative Assembly of the Council of Europe, and the Common Assembly of the Coal and Steel Community. In early 1957, Britain advanced a 'Grand Design' to replace all these bodies with a single parliamentary body <sup>109</sup>. Mallett sought permission to explain British thinking to Spain, whose journey towards OEEC membership was 'going slowly'. Participation in NATO still presented difficulties, but there might be other ways 'to bring Spain back into European society' and thus 'make it more difficult for Franco to be disagreeable'.<sup>110</sup> British plans for a 'Grand Design' did not get very far but in June 1957 Mallett wrote again about positive signs Spain was willing to embrace a 'more sympathetic' policy towards Europe:

European cooperation is becoming more of a reality. In the economic field as well as in the field of defence, Spain is today more and more realising that the day of splendid isolation is over. Spain is part of Europe and has contributed towards its history and culture, and she still has a part to play in European civilisation.<sup>111</sup>

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<sup>109</sup> Confusingly not the first or last time a British plan would be labelled in this way.

<sup>110</sup> TNA FO 371/130344, Mallett to Young, 26 April 1957.

<sup>111</sup> TNA FO 371/130340, Mallett to Lloyd, 14 June 1957.

Ministers such as Castiella seemed determined to improve Anglo-Spanish relations and Britain ought to seize the initiative rather than allow others to take the lead in encouraging Spain towards a 'more European policy'.<sup>112</sup> In November 1957, he tried again, emphasising that Britain was 'moving towards closer European co-operation and interdependence' and 'however reluctant some people may be to recognise it...Spain forms part of Europe and of the European heritage: western Europe cannot be "made" if Spain is left outside'.<sup>113</sup>

Mallett's somewhat Anglocentric view of the movement towards greater European cooperation was, by 1957, increasingly at odds with reality. Ever since the 1950 Schuman Plan, which led to the creation of the ECSC, British prime ministers from Attlee to Eden had showed a marked hostility towards federalist or supra-nationalist ideas or institutions. Eden had been dismissive of the June 1955 Messina conference to discuss plans for a common market. There was a widespread belief that whatever was proposed would fail without British involvement. The sole UK representative on the Spaak Committee, set up to examine the Messina plans, was a lowly official from the Board of Trade, Russell Bretherton, who was withdrawn altogether in November 1955. When the UK belatedly realised that the Six planned to go ahead with the creation of a common market, Macmillan, who had moved to the Treasury in December 1955, was charged with coming up with an alternative. This was the so-called 'Plan G' for a Europe-wide free trade area in industrial goods, which would enable Britain to retain its preferential trade links to the Commonwealth and agricultural protections for farmers, and had none of the

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<sup>112</sup> TNA FO 371/130340, Mallett to Lloyd, 14 June 1957.

<sup>113</sup> TNA FO 371/130340, Mallett to Lloyd, 5 November 1957.

supranationalism of the Messina plan.<sup>114</sup> Macmillan wanted to use the OEEC to create a free trade area covering almost all Western Europe, including the six members of the ECSC. But the British proposals were poorly received and the Six pressed on, signing the Treaty of Rome in March 1957, and insisting on its ratification before negotiations for the British-backed idea of an Europe-wide FTA could begin in October 1957.

Spain had taken an equally sceptical view of EEC supranationalism. Addressing the nation on 31 December 1956, Franco declared aspirations to create a 'United States of Europe' a 'fantasy'.<sup>115</sup> After the signing of the Treaty of Rome, *Arriba*, the official newspaper of the *Falange*, declared: 'Europe is not just six countries, and this Europe — the fantasy work of Spaak — is lacking in authentic content'.<sup>116</sup> As Senante Berendes has written, the idea of this 'new Europe' was completely 'alien to the political culture of Spanish nationalist thought'.<sup>117</sup> Behind the rhetoric, however, there was growing concern about the implications of the new Common Market. By 1956, Spain accounted for approximately 33 per cent of imports into the six founding members of the EEC, with 30 per cent of the Six's exports going in the opposite direction.<sup>118</sup> In July 1957, the Spanish government established a *Comisión Interministerial para el Estudio de las Comunidades Europeas* (CICE), presided over by the president of the national economic council, Pedro Gual Villalbí, to study the impact of the Common Market and advise on future policy but in early meetings the possibility of applying for EEC membership was discounted, and instead,

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<sup>114</sup> John W. Young, 'British Officials and European Integration' in *Building Postwar Europe: National Decision-Makers and European Institutions, 1948-63* ed. by Anne Deighton (Basingstoke: Macmillan, 1995), pp. 87-106. p. 96.

<sup>115</sup> Moradiellos, 'Franco's Spain and the European Integration process', p.71.

<sup>116</sup> *Ibid.*, p.72.

<sup>117</sup> Senante Berendes, *España ante la integración europea*, p.23.

<sup>118</sup> MacLennan, *Spain and European Integration*, p. 21.



Spain pinned its hopes on Britain's alternative, free trade area plan. As Julio Crespo MacLennan has written:

There were many reasons why the Spanish administration was more attracted by the British proposals for a free trade area. In the first place, the EEC had already been set up and the obstacles for Spain's entry appeared insurmountable. On the other hand the formation of a free-trade area was being discussed at that moment and Spain as a founding member might be in a strong position to demand special conditions. In the political sphere there was another advantage since this organisation would not aim at political union under supranational institutions like the EEC <sup>119</sup>

At the exact moment that the Spanish government was seeking better relations with Western Europe and Britain, the future of European cooperation remained uncertain. What was certain was that for Spain to have any chance of being included in Britain's plans for a European free trade area, it would first need to join the OEEC. What is more, both countries shared similar outlooks, preferring the intergovernmental model of cooperation to the supranationalism of the EEC. This is the wider context to warming Anglo-Spanish relations from 1957. We will now look at what this tentative rapprochement meant for Gibraltar.

## **2.4 The 'thaw' in Anglo-Spanish relations and Gibraltar**

When Mallett met Castiella for the first time in March 1957, he said there were three areas where Spain could demonstrate its earnest desire for better relations: the question of the

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<sup>119</sup> MacLennan, *Spain and European Integration*, p.41.

confiscated bibles, anti-British attacks in the press, and Gibraltar, which 'continued to cast its shadow over our political relations'.<sup>120</sup> Early indications were good and in June 1957, the embassy noted an 'improvement in the general tone of the Spanish press' which it ascribed to Castiella's efforts to improve relations with the UK.<sup>121</sup> In August, officials observed that 'Gibraltar Day' (4 August, the anniversary of the Rock's seizure in 1704) had 'passed by with the minimum of disturbance' in contrast to the 'violence and venom' of previous years. Once again, this was put down to Castiella's 'desire to improve relations with ourselves and with the better understanding in Spain of the importance of European co-operation'.<sup>122</sup> This 'comparatively restrained' language on Gibraltar was indicative, thought Mallett, of 'a more favourable attitude' towards colonial issues generally which he put down to Spain's desire for better relations and 'a greater sense of solidarity' with the European powers, prompted in part by Spain's recent war with Morocco over Ifni.<sup>123</sup> By early 1958 Mallet was able to report that Castiella had taken 'helpful action' over the bible issue and attacks in the Spanish press, and it was now time for progress on the 'most important' barrier to better relations: Gibraltar. This was vital because it would 'remain difficult for Her Majesty's Government to move as far as they would towards bringing Spain into closer co-operation with Europe as long as these restrictions against Gibraltar existed'.<sup>124</sup> In the summer of 1958, Mallet told Castiella that while Britain had taken 'concrete steps' towards improving relations — for instance by supporting Spain's association with the OEEC — Spain had offered 'little return' and the restrictions at Gibraltar remained unchanged.<sup>125</sup> Here then is an early indication of the limits of the Anglo-

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<sup>120</sup> TNA FO 371/130340, Mallett to Lloyd, 27 March 1957.

<sup>121</sup> TNA FO 371/130340, Chancery to Southern Department, 8 June 1957.

<sup>122</sup> TNA CO 926/889, Pilcher to Lloyd, 9 August 1957.

<sup>123</sup> TNA CO 926/889, Mallet to Lloyd, 13 January 1958.

<sup>124</sup> TNA CO 926/889, Mallet to Addis, 25 February 1958.

<sup>125</sup> TNA CO 926/889, Mallett to Lloyd, 18 June 1958.

Spanish rapprochement when it came to Gibraltar. Although Castiella's policy of improving relations with the UK appeared to have the backing of the majority of Franco's Council of Ministers, the Ministry of Foreign Affairs (MFA) had limited influence over other ministries, including that of Franco's deputy and right-hand man, Admiral Carrero-Blanco, to whom the policy of 'bottling up Gibraltar' was attributed.<sup>126</sup> Embassy officials judged that 'resentment' at the very existence of Gibraltar was 'only slightly tempered by the general desire of Castiella to improve relations with Western Europe' and the foreign minister would only 'stick his neck out' and face down other 'hostile' ministries if he believed it was an issue of 'transcendental importance.'<sup>127</sup> This was a point reiterated by the Spanish ambassador in London, the Marqués de Santa Cruz, who told the permanent under-secretary at the Foreign Office, Sir Frederick Hoyer Millar, that the restrictions at the Gibraltar frontier 'lay outside the competence of the Ministry of Foreign Affairs' and it was the Ministry of the Interior and Franco's own office which set the policy in this area.<sup>128</sup> Tensions between different ministers within Franco's cabinet over the issue of Gibraltar reflected tensions at the heart of the regime between hardline Falangists and, relatively speaking, more moderate elements. Although there was unanimity on the ultimate aim of securing sovereignty over the Rock, there was disagreement over how to achieve this, and how far the issue could be separated from the over-arching aim of improving relations with Europe. An illustration of these tensions came in November 1958 in the UN Fourth Committee when Manuel Aznar, head of the official news agency EFE, made a forthright speech on Gibraltar which was amplified by the press. Mallet thought Aznar's intervention 'must be embarrassing for a Spanish Minister of Foreign Affairs who frequently expressed the desire for better relations' and at a time when Spain was 'seeking our support for entry

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<sup>126</sup> TNA CO 926/889, Pilcher to Addis, 28 September 1957.

<sup>127</sup> Ibid.

<sup>128</sup> TNA CO 926/889, Secretary of State to Mallet, 14 April 1958

into OEEC.’<sup>129</sup> This is precisely the impression an apologetic Castiella sought to convey when he met Mallet a week later:

the Minister for Foreign Affairs took me aside after dinner yesterday and... wished to assure me that there was no intention on the part of the Spanish government of reviving the propaganda campaign. Castiella said he knew our position over Gibraltar, just as we knew the Spanish attitude, and Aznar’s declarations before the Fourth Committee had been “routine” and had been made without previous knowledge of the Ministry.<sup>130</sup>

Mallet thought the whole episode was evidence ‘the Spanish authorities may not be at one over the right way of handling Gibraltar.’ While the MFA wished ‘to keep things quiet for the time being’ militants within the regime were getting ‘restless’; the ‘Falangists’ did not approve of ‘the present policy of silence on Gibraltar and thought that it was being carried too far.’<sup>131</sup> If there were clear splits within the Spanish government over its policy towards Gibraltar, the British policy of seeking better relations with Spain was also beginning to cause disquiet on the Rock.

When Lennox-Boyd was dispatched to Gibraltar in January 1959 to try and reassure Gibraltarians he was met with real anger. It fell to Gibraltar’s most prominent politician, Joshua Hassan, a local lawyer and leader of the largest political party in Gibraltar, the AACR, to give the visiting minister a sense of the prevailing mood. Hassan, who had assumed the leadership of the AACR in 1947, had done as much as anyone in Gibraltar to

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<sup>129</sup> TNA FO 371/136663, Mallet to Foreign Office, 29 November 1958.

<sup>130</sup> TNA FO 371/136663, Mallet to Foreign Office, 6 December 1958.

<sup>131</sup> TNA CO 926/889, Mallet to Addis, 15 December 1958.

push for constitutional advancement after the war, and was simultaneously a leading member of the Executive Council, Chief Member of the Legislative Council, and Mayor of the City Council. If he had not yet earned the press nickname 'Mr Gibraltar' it was only because the battles with Spain at the UN which would raise his profile in the UK lay ahead of him.<sup>132</sup> At a meeting in the Governor's official residence, The Convent, an old Franciscan friary dating back to the reign of Charles V, Hassan reminded Lennox-Boyd that on his last visit in 1955 Gibraltarians had been assured that British support for Spain's UN membership would improve relations at a local level. Yet this 'had not materialised' and instead Spain had used its new-found membership to pursue its territorial claim. Britain might wish to improve relations, but Gibraltarians felt 'every time any sort of agreement was reached with Spain and Gibraltar was not mentioned it was a victory for Spain.' Hassan thought many of his fellow Gibraltarians had some sympathy with the view, often expressed in the Spanish press, that Britain treated the people of Gibraltar as 'second rate subjects and could not care less what happened to them.'<sup>133</sup> The sense that Britain was reluctant to take 'positive action on behalf of Gibraltar' was shared by other members, including Sir Peter Russo, a businessman and member of the Governor's Executive Council who had been involved in local politics for decades. He told Lennox-Boyd that Gibraltar was in a worse position vis-a-vis Spain 'than countries behind the Iron Curtain' and Spain had obviously concluded the British government 'were not at all concerned about Gibraltar'.<sup>134</sup> Peter Isola, a 29 year old lawyer and independent member of the Legislative Council, thought the British policy of 'least resistance' meant Spain could bide its time before dealing 'further crippling blows' to the economy.<sup>135</sup> The restrictions not only

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<sup>132</sup> 'I'll make it mine or I'll wreck it' - That is Franco's aim say people of Gibraltar', *Sunday Express*, 10 December 1961.

<sup>133</sup> TNA CO 926/890, Notes on the meeting held at The Convent, 8 January 1959.

<sup>134</sup> *Ibid.*

<sup>135</sup> *Ibid.*

prevented Spaniards without work permits from visiting Gibraltar and buying goods, but also affected local residents and foreign tourists. Sol Seruya, another independent member of the Legislative Council, who had polled second behind Hassan at the previous election, agreed there was 'a strong undercurrent of opinion' in Gibraltar that the UK was doing nothing to assist.<sup>136</sup> Faced with this barrage, the minister could only concede, somewhat apologetically, that the 'policy of appeasement had not yielded any results'.<sup>137</sup> However the crucial test of Britain's approach would be on the question of OEEC membership. This was highly significant because it was the first time the policy of supporting Spain's participation in the economic life of Europe through one of its principal organisations would be used to try and bring about a change in its attitude to Gibraltar. The significance Spain attached to achieving full membership of the OEEC (it had been accepted as an 'associated member' in January 1958) was underlined by the Minister of Commerce, Alberto Ullastres, during a visit to the UK in April 1959. Spain had been accepted into the IMF and the International Bank for Reconstruction and Development (later known as the World Bank) in 1958 but for Ullastres' far-reaching 'Stabilisation Plan' to succeed, membership of the OEEC and access to financial aid would be crucial. Not least because, as he told Sir David Eccles:

there was little or no chance of Franco being prepared to take the necessary measures of reform unless Spain achieved the diplomatic triumph of full membership of the OEEC. The Spaniards certainly consider OEEC membership as coming before anything else.<sup>138</sup>

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<sup>136</sup> TNA CO 926/890, Notes on the meeting held at The Convent, 8 January 1959.

<sup>137</sup> Ibid.

<sup>138</sup> TNA FO 371/144960, Aid for Spain and possible entry of Spain into OEEC, 17 April 1959.

Towards the end of May 1959, following the despatch of an OEEC fact-finding mission, the Foreign Office informed the embassy in Madrid that a decision had been made to offer full support for Spanish membership. While acknowledging this was 'likely to be criticised' both at home and in Gibraltar, it was an earnest expression of 'our wish to see Spain more closely associated with Western Europe,' and made in the 'confident expectation' that Spain would adopt a 'more forthcoming attitude' to Gibraltar.<sup>139</sup> This was emphasised during a meeting at the Foreign Office between Sir Frederick Hoyer Millar and the Spanish Ambassador. Britain 'would certainly do what we could to help them over the OEEC question,' Hoyer Millar informed Pepe Santa Cruz, but 'in return the Spanish government really ought to do something to help us with Gibraltar'. Santa Cruz thought the UK 'quite justified' in pressing this point.<sup>140</sup> By this time, the issues relating to the frontier extended beyond the restrictions put in place in 1954. In April 1959 Castiella had unilaterally announced the end of visa requirements for visitors from a number of Western European countries, including the UK, as part of his efforts to improve relations and attract tourists to the *Costa del Sol*. However it was apparent Spain did not consider the 'police post' at La Línea to be an international frontier, and so the restrictions on British subjects entering Spain through Gibraltar remained unaltered. The UK argued this was unacceptable and a stand-off had developed just as the OEEC question was reaching a climax. Clearly perturbed by Spain's imminent entry into the OEEC before any progress had been made on the visa question or the lifting of restrictions, Hassan and Russo travelled to London in June 1959 to meet with Lord Perth, the minister of state for colonial affairs. After expressing their reservations 'in forthright terms' they were told Spain's entry into the OEEC was likely to be delayed until the autumn.<sup>141</sup> This would allow sufficient time to clear

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<sup>139</sup> TNA CO 926/890, Foreign Office to Madrid, 29 May 1959.

<sup>140</sup> TNA FO 371/144946, Spanish Ambassador's Call on Sir F. Hoyer Miller, 20 May 1959.

<sup>141</sup> TNA CO 926/890, Secretary of State to Keightley, 17 July 1959.

up the visa question. In the event, the anticipated delay to Spanish membership did not materialise and Spain became a full member of the OEEC on 20 July 1959. The realisation that Spain had been accepted without any movement on the frontier issue was greeted with shock in Gibraltar and compounded by a mix-up at the Colonial Office which meant they were not informed of the news until a few days before Spain's accession. The Governor of Gibraltar, Sir Charles Keightley, was forced to break the news to Hassan and Russo, both of whom were 'very bitter':

They feel most strongly that they have been misled and let down and that by the change in programme for OEEC and the inexplicable delays over visas we have lost out bargaining power. They also feel that in present circumstances HMG should not be party to Spain's admission to OEEC... Finally they feel that they have been put in an impossible position as far as local opinion is concerned and that large part of goodwill and good impression created by their reception and talks in London has dissipated.<sup>142</sup>

Lord Perth was understanding, but told the Governor blocking Spain's admittance 'would do more harm than good'. It would give Spain 'a good excuse for obduracy in the visa discussions' and simply 'create new difficulties' by pushing the Gibraltar issue to the forefront.<sup>143</sup> In fact, although the two issues — support for Spanish membership of the OEEC and the visa question — had become inextricably linked in the minds of many Gibraltarians, the British government had refrained from making a direct connection. Mallett made this clear in a note to Castiella welcoming Spain into the OEEC:

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<sup>142</sup> TNA CO 926/890, Keightley to Secretary of State, 18 July 1959.

<sup>143</sup> TNA CO 926/890, Secretary of State to Keightley, 19 July 1959.



Her Majesty's Government have...supported Spain's entry into the OEEC *unconditionally*....In the view of Her Majesty's Ambassador the Spanish government has now a favourable opportunity for raising these restrictions [on Gibraltar]. That opportunity is afforded by Spain's entry into the OEEC.<sup>144</sup>

While no formal conditions were attached to British support, the continuing economic pressure applied to Gibraltar was 'not in harmony with the present state of Anglo-Spanish relations, nor with the Spanish government's policy of seeking rapprochement with European countries, nor with the fact that Spain and the United Kingdom are from today partners in the OEEC'.<sup>145</sup> Mallet's letter included a draft agreement on abolishing visas, which included the Gibraltarians, but the issue rumbled on for a further ten months before it was resolved in May 1960, shortly before Castiella's visit to London in July 1960.

By then, the damage had been done, at least as far as Gibraltar was concerned. Spain's first steps towards the European mainstream had not only been achieved with British support, but had proceeded without any discernible change in its policy towards Gibraltar. Elections to the Legislative Council were held in Gibraltar in September 1959 and the Governor warned London that 'comparative moderates' like Hassan and Russo were under pressure from trade unionists whose popular platform consisted of pointing out 'look how our Government and present politicians have let us down by putting Spain into the OEEC without getting any assurance that a betterment of our trade agreement and frontier restrictions'.<sup>146</sup> When Julian Amery, the Under Secretary of State for the Colonies, was

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<sup>144</sup> 'No. 64 Her Britannic Majesty's Ambassador in Madrid, Sir Ivo Mallet, to the Minister of Foreign Affairs, Sr. Castiella, 20 July 1959', *Documents on Gibraltar [The Spanish Red Book]*, (Madrid: Sucesores de Rivadeneyra, 1965), p.293.

<sup>145</sup> *Ibid.*

<sup>146</sup> TNA CO 926/890, Keightley to Secretary of State, 6 August 1959.

sent to Gibraltar at the beginning of September, Hassan told him Britain should 'put a halt to any further support of Spain in her international ambitions'.<sup>147</sup> Past support had brought about no improvement and further support would be 'an affront to the people of Gibraltar,' and would make them look 'ridiculous'. Russo agreed, pointing out that Ullastres had recently boasted about the UK's £29 million contribution to the Spanish economy via the OEEC. This was not the way to demonstrate a 'strong attitude' to the Spanish government.<sup>148</sup> In the end the challenge to the AACR from the Transport and General Workers Union (TGWU), contesting its first election since 1950, was not as strong as the Governor had feared, with only one of the union's four candidates elected. However it would prove to be a sign of things to come. The new legislature wasted no time in demanding 'no further financial or other help should be given to Spain, through the OEEC or otherwise, without reference to Gibraltar until frontier situation has returned to normal'.<sup>149</sup> The manner of Spain's admission to the OEEC would leave a lasting impression on Gibraltarian politicians, and goes a long way to explaining their response to the UK's approach to the EEC in 1961.

## **2.5 Spain and EFTA**

Negotiations with the Six over Britain's free trade area idea had been abruptly ended by France's new leader, General Charles De Gaulle, but in May 1959 the UK pressed ahead and formed a limited industrial free trade zone with Sweden, Norway, Denmark, Austria, Switzerland and Portugal. Europe now stood divided. The creation of a European Free Trade Association (EFTA) which included Spain's neighbours was 'bound to raise

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<sup>147</sup> GNA, Executive Council Paper No. 117/59, 1 September 1959.

<sup>148</sup> Ibid.

<sup>149</sup> TNA CO 926/890, Keightley to Melville, 7 October 1959.

questions here', noted one embassy official, 'as economic integration with the rest of Western Europe is now uppermost in the minds of thinking Spaniards'.<sup>150</sup> This may have been true but in the summer of 1959 Franco's ministers were fully occupied with the roll out of the ambitious 'Stabilisation Plan', a frantic '14-day face-lift' to the Spanish economy involving a drastic devaluation of the currency, new taxes, budget cuts, and the removal of import restrictions to free up international trade.<sup>151</sup> Membership of the OEEC and the bank credits that came with it were a key element of the programme. But while the Stabilisation Plan remained the priority, it was clear to Ullastres that Spain could not ignore the threat posed by the EEC. The decision of the six nations of 'Little Europe' to create a common market which excluded Spain presented major 'problems' but the significance of the moment did not escape him: 'Europe is watching us and calling to us; Europe claims us. Why? Because we are Europe, because, in fact, she needs us...and we also need Europe'.<sup>152</sup>

With the signing of the Stockholm Convention in November 1959, and the formal division of Western Europe into two economic blocs, the embassy looked to London for guidance on how to handle Spanish interest. The Treasury thought Britain's best interests lay in ensuring 'Spain makes no move in either direction'.<sup>153</sup> Sir David Eccles suggested 'Iberian unity' might pull Spain in the direction of EFTA.<sup>154</sup> While Mallet thought the Six held a certain attraction for Spain because 'it appears to them to be a revival of a predominantly

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<sup>150</sup> TNA FO 371/142587, Stephens to Barnes, 1 June 1959.

<sup>151</sup> Henry Buckley, 'Fourteen-day face-lift follows devaluation of the peseta', *Gibraltar Chronicle*, 11 August 1959, p.2.

<sup>152</sup> TNA FO 371/142587, Extract from speech made by Spanish minister of commerce, 1 June 1959.

<sup>153</sup> FO 371/142587, Holliday to Mallet, 16 November 1959.

<sup>154</sup> TNA FO 371/142587, Spain - the Six and the Seven, 2 November 1959.

Catholic central-European bloc, which reminds them of the great days of Charles V'.<sup>155</sup> Opinion within Spain was divided. The foreign editor of the Madrid-daily, *Pueblo*, thought 'the right wing in Spanish politics was in favour of some form of association with the Seven' while 'the left-wing would prefer association with the Six'.<sup>156</sup> In public, Castiella played a waiting game, whilst trying to improve relations with countries on both sides of the divide. In the autumn of 1959 he visited the UK, France and West Germany, and told German television Spain was 'carefully studying the course and evolution of the two big economic groups'.<sup>157</sup> Castiella remained hopeful that a bridge could be built between the EEC and EFTA, sparing Spain the embarrassment of having to choose, but there was no doubt association with EFTA presented fewer political difficulties than the proto-federalist EEC. Spanish interest in EFTA began to take a more concrete form. Sir George Labouchère, the newly appointed British Ambassador in Madrid, was approached by Ullastres in November 1960 with a request for 'regular confidential briefings' on the evolution of EFTA. Ullastres thought the time was approaching when Spain would be 'obliged to make a choice' and EFTA 'was more attractive than the Common Market'.<sup>158</sup> Finland's association agreement with EFTA in 1961 and the likelihood that Greece would come to a similar arrangement with the EEC added a degree of urgency to the deliberations. The Spanish Ambassador in London told Sir Roderick Barclay, a senior civil servant, that Spain might be forced 'to throw in their lot with one or other group' and he was more disposed to EFTA given Portuguese and British involvement.<sup>159</sup> By the spring of 1961, opinion amongst Franco's

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<sup>155</sup> TNA FO 371/142587, Mallet to Holliday, 30 November 1959.

<sup>156</sup> TNA FO 371/142587, Spanish attitude to the Common Market and the European Free Trade Association, 9 November 1959.

<sup>157</sup> TNA FO 371/142587, Mallet to Holliday, 30 November 1959.

<sup>158</sup> TNA FO 371/150325, Spain's possible association with European Free Trade Association: question of briefing: Conversation with Ullastres, 24 November 1960.

<sup>159</sup> TNA FO 371/158217, Record of Conversation: R. E. Barclay, 23 January 1961.

ministers seems to have moved decisively in favour of EFTA. Ullastres told Sir Hugh Ellis-Rees in April 1961 that he had reached 'the firm conclusion' against integration with the EEC.<sup>160</sup> Spain did not want to be involved with a group seeking political integration and would prefer a group of countries who retained their sovereignty but worked to create a larger market. Spain also required tariff autonomy in its dealings with Latin America, much as the UK wished to do in relation to the Commonwealth, and this was not possible under the EEC's Common External Tariff (CET). For these reasons he 'would much prefer to see Spain a member of EFTA whose aims and *modus operandi* were much in line with Spain's outlook'. All the other ministers, with the exception of the Minister of Agriculture, were in agreement, while both the Foreign and Finance Ministers (Castiella and Navarro-Rubio) were strongly supportive.<sup>161</sup> The following month Sr Armigo, Director General of Economic Relations at the MFA, told the British ambassador that 'those ministers...who had the main influence on economic policies were in favour of joining EFTA in view of its non-political and more flexible character'. They were eager to take advantage of the imminent visit of the Foreign Secretary, Lord Home, to Madrid at the end of May 1961 to hold 'detailed and technical' discussions on the possibility of Spain becoming associated with EFTA.<sup>162</sup> This put the UK in something of a quandary. It had endeavoured to keep Spain generally informed of EFTA's development, without encouraging an application. Now, on the eve of the Foreign Secretary's long-planned visit to Madrid, the first by a senior minister since 1936, the Spaniards appeared to be calling for discussions to begin on joining EFTA. To add to the embarrassment, Britain was on the verge of abandoning EFTA and tabling a bid for EEC membership. The Lee Committee delivered its final recommendations at the end of April, and the Cabinet were due to make a decision in the summer. Naturally, none of

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<sup>160</sup> TNA FO 371/158217, Record of Conversation, Sir H. Ellis-Rees, 8 April 1961.

<sup>161</sup> Ibid.

<sup>162</sup> TNA FO 371/158217, Spanish Association with EFTA: Statements by Sr Armigo, 19 May 1961.

this could be shared with Spain. Home told Labouchère to 'inform the Spanish government that I had not intended my visit to be the occasion for detailed discussion of the kind proposed'.<sup>163</sup> He continued:

For your own information, we do not wish to encourage the Spaniards to establish a relationship with EFTA. Apart from the difficulties of accommodating a country with a weak economy, Spanish membership of the association might impede our efforts to find a solution to the Six-Seven problem. If talks took place during my visit, the Spaniards would presumably make the most of them in order to suggest that their entry into EFTA was being seriously considered... This could be embarrassing.<sup>164</sup>

Home's trip went ahead but his discussions with Castiella were non-committal on the subject of Europe. When Castiella asked him directly if the UK planned to make a move towards the Six or whether Spain should open negotiations with the Seven, he replied that it was too early to tell and in time 'all European governments' would get the opportunity to make their views known.<sup>165</sup> At dinner in the elegant *Palacio de Viana* in Madrid, Castiella's official residence, Home delivered a diplomatic masterclass in warm words with virtually no meaning:

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<sup>163</sup> TNA FO 371/158217, Home to Labouchère, 24 May 1961.

<sup>164</sup> Ibid.

<sup>165</sup> TNA CAB 133/298, Record of a conversation between the Secretary of State and the Spanish Minister for Foreign Affairs in Madrid, 29 May 1961.

Our European community, in the widest sense, has many meetings places and we can make our national contributions to the general concept of Europe in many different ways. <sup>166</sup>

Nine weeks later, Macmillan stood up in Parliament to announce his government's decision to open negotiations for EEC membership. Britain's decision to abandon EFTA and concentrate on relations with the EEC had a major impact in Spain. Several EFTA states, including Denmark and Norway, immediately applied for EEC membership, while others, like Portugal, opened conversations on association. With the EEC moving towards the creation of a Common Agricultural Policy (CAP) which threatened Spain's large agricultural sector, and particularly its exports to the UK should Britain join the Six, it was clear by December 1961 that a decision had to be made, and just before Christmas Castiella told Oreja to prepare a draft letter to the President of the European Council.<sup>167</sup> Spain's formal application was submitted on 9 February 1962, barely six months after the UK's application. The importance of the UK's actions in Spain's decision has been recognised by historians:

*Precisamente, la candidatura británica y de los restantes países de la EFTA, que hacían suponer la ampliación del Mercado Común, fue, junto con la nueva política agrícola, el desencadenante que condujo a la*

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<sup>166</sup> TNA CAB 133/298, Speech made by the Secretary of State at the Spanish Minister of Foreign Affairs' Dinner at the Palacio de Viana Madrid, 29 May 1961.

<sup>167</sup> Historical Archive of the European Union (HAEU) , Oral History Collections: Voices on Europe, *Marcelino Oreja Aguirre* (1998) <[https://archives.eui.eu/en/oral\\_history/INT635](https://archives.eui.eu/en/oral_history/INT635)> [accessed 11 September 2023].

*resolución española de solicitar la asociación al zanjar la disyuntiva EFTA-CEE y agudizar el peligro de aislamiento para España.*<sup>168</sup>

Gibraltar's position with regard to Spain and the EFTA-EEC split was, at first, barely considered. It was pointed out shortly after EFTA's creation in December 1959 that if Spain joined 'a close-knit organisation from which we were excluded' — in other words the EEC — this 'might work to our detriment' when it came to Gibraltar.<sup>169</sup> Although Gibraltar had remained a constant source of tension in an otherwise warming relationship, it was not until Home's 1961 visit to Madrid that a new process was established to deal with the question. In the car on the way to Toledo, Castiella told Home that while relations had improved, Gibraltar remained 'a special case'. The frontier restrictions were an attempt to counter smuggling and if this illicit trade could be suppressed 'it would greatly aid Spain in her efforts to modernise' and 'become a useful partner in modern Europe'.<sup>170</sup> Home agreed the question could be looked into in exchange for the possible lifting of restrictions. This conversation put in train a series of Anglo-Spanish talks on Gibraltar at official level, beginning at the end of 1961, just as Britain's negotiations with the EEC were getting underway. It meant that while officials in Whitehall and Gibraltar were examining the implications of the UK's accession to the EEC on Gibraltar, parallel talks were taking place between Foreign Office officials and their counter-parts in Madrid on the whole question of Gibraltar, the frontier restrictions, and smuggling.

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<sup>168</sup> ['it was precisely the British candidacy and that of the other EFTA countries, whose entry would represent an expansion of the Common Market, together with the new agricultural policy, that prompted Spain's resolution to request association by settling the EFTA- EEC dilemma and exacerbating the danger of isolation for Spain'.]

Senante Berendes, *España ante la integración europea*, p.86.

<sup>169</sup> TNA FO 371/142587, Handwritten Memo, 30 December 1959.

<sup>170</sup> TNA FO 371/160771, Record of a conversation on the way to Toledo, 29 May 1961.



## 2.6 Gibraltar and the UK's first application for EEC membership (1961-1963)

Ahead of the start of Britain's negotiations with the EEC in October 1961, detailed briefs were prepared for all the territories likely to be affected. Although Britain wished to retain some of its existing trade preferences with the Commonwealth, it was clear EEC membership would involve a major shift in the nature of this relationship. Yet apart from the potential impact on Commonwealth trade, in autumn 1961 Britain still held two colonies, Malta and Gibraltar, which would be covered by Article 227 (4) of the 1957 Treaty of Rome as 'European territories for whose external relations a Member State is responsible'.<sup>171</sup> This provision was an updated version of Article 79 in the 1951 Treaty of Paris which had established the European Coal and Steel Community (ECSC). The reference to 'European territories' had been designed to cover the Saar Protectorate, an industrial enclave of West Germany placed under French control at the end of the war. In addition to Article 227 (4), the treaty also made special provision, under Articles 131 to 136, for the 'Association of Overseas Countries and Territories' — or 'AOT status' — a form of association designed with the French, Belgian, Italian and Dutch overseas territories in mind. When the Colonial Office first considered Gibraltar's position in September 1961, it concluded that because the territory had 'no natural resources' or 'manufacturing' and would not benefit from the free entry of its goods into the EEC, full membership 'would not be acceptable to Gibraltar'. AOT status, on the other hand, would not interfere with Gibraltar's free port activities and would leave it free to impose internal fiscal duties.<sup>172</sup> Before exploring the development of Britain's policy towards Gibraltar from this starting point, it is worth considering who was formulating it. The negotiations with the EEC were led by a cabinet minister, the Lord Privy Seal, Edward Heath, along with his team of so-called 'Flying

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<sup>171</sup> European Commission, *The Treaty of Rome, 25 March 1957* <[https://ec.europa.eu/archives/emu\\_history/documents/treaties/rometreaty2.pdf](https://ec.europa.eu/archives/emu_history/documents/treaties/rometreaty2.pdf)> [accessed 12 July 2023].

<sup>172</sup> TNA CO 852/2053, UK association with the EEC: Gibraltar, September 1961.

Knights' who spent three days a week in Brussels.<sup>173</sup> Of this group, Sir William Gorell Barnes represented the Colonial Office, while back in London, Trafford Smith, the Assistant Under-Secretary of State for the Colonies, and a former Lieutenant-Governor of Malta, took the lead on questions relating to Gibraltar. Officially the Government of Gibraltar was represented by the Governor, who in turn was able to consult his Executive and Legislative Councils, which included elected [unofficial] members. Gibraltar's constitutional position at this stage was, however, quite different to Malta. In 1962 Malta enjoyed not only 'full internal self government' but also 'control over some aspects of her external relations' while Gibraltar, despite the progress made since the war, was still 'not far away from the most elementary form of "Crown Colony"' according to one official charged with looking into the question.<sup>174</sup> Constitutionally then, the Governor, Sir Charles Keightley, a senior army officer who had led British forces at Suez, was responsible for conveying the view from Gibraltar back to London, although in practice he could 'not take any action to which the unofficial members of ExCo [Executive Council] were opposed'.<sup>175</sup> While Malta and Gibraltar were frequently considered together during the negotiations, in some respects the two territories could not 'really be compared on the same plane'.<sup>176</sup> Malta was just two years away from independence, and the Maltese Prime Minister, Giorgio Borg Olivier, decided he wanted to negotiate directly with the EEC for an association agreement, under Article 238 of the Treaty of Rome. Although the British government was willing to delegate these powers to Malta, in December 1962 the EEC declared that it could only negotiate with fully independent sovereign nations. This was not

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<sup>173</sup> Edward Heath, *The Course of My Life*, (London: Hodder and Stoughton, 1998), p. 212.

<sup>174</sup> TNA CO 852/2053, Jones to Robinson, 21 June 1962.

<sup>175</sup> TNA CO 852/2053, M. R. Raymer Handwritten Note, 19 November 1962.

<sup>176</sup> TNA CO 852/2053, Jones to Robinson, 21 June 1962.

an option open to Gibraltar's elected representatives, although there would be no shortage of opportunities to make their views known during the next 18 months of negotiations.

By early 1962, the idea of pursuing AOT status was beginning to look problematic. Not only had the EEC 'expressed considerable alarm' at the length of Britain's AOT list, but more obviously 'the fact that Gibraltar is European has been noted'.<sup>177</sup> Logically, it seemed that Article 227 (4) would be more suitable than association. Furthermore, using this avenue would mean territories like Malta and Gibraltar would 'automatically' be considered 'full members', which presented 'considerable negotiating advantages'.<sup>178</sup> In Malta's case, there were several potential advantages to full membership, notably the promise that free movement within the EEC might alleviate the 'unemployment problem' on the island.<sup>179</sup> For Gibraltar, on the other hand, there were considered few advantages to full membership and a great many possible disadvantages. Early discussions raised a number of areas of concern, all of which would feature in subsequent efforts to agree a position. These included the position of Gibraltar's free port; the lack of manufacturing or agricultural sectors; Gibraltar's entrepôt or re-export trade; tourism; and finally, and perhaps most significantly, relations with Spain. Fearing the long months of research and negotiation ahead, there was a sense of exasperation amongst officials that 'such two-penny-half penny places' as Gibraltar were going to occupy so much of their time.<sup>180</sup> Gorrell Barnes complained about the 'appalling complexity' of including Gibraltar under Article 227 (4) which was 'altogether out of proportion given the small size of Gibraltar and

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<sup>177</sup> TNA CO 852/2053, Trafford Smith to Keightley, 7 March 1962.

<sup>178</sup> TNA CO 852/2053, Vernon to Harding, 24 January 1962.

<sup>179</sup> Ibid.

<sup>180</sup> TNA CO 852/2053, Memo by J. M. Kisch, 6 March 1962.

its trade'.<sup>181</sup> Despite differences of opinion, both within the Colonial Office, and between departments, by March 1962 Trafford Smith was able to inform the Governor of Gibraltar that AOT status was 'almost certainly' a non-starter and that left only 'two possible steps'. These were 'acceptance of full participation under Article 227 (4) with such derogations from the full implementation of the treaty as we are able to negotiate' or 'a protocol taking Gibraltar outside the scope of the treaty altogether'. Given that the second option would mean 'no special trading relationship' with the EEC, including Britain, urgent consideration was needed of the likely consequences for Gibraltar of full participation in the EEC.<sup>182</sup> Points which the Colonial Office wished Gibraltar to consider included the need for a complex customs regime should Gibraltar be forced to apply the Common External Tariff (CET); the likely difficulties for Gibraltar's free port; and the possibility of a rise in the cost of living. But there was more:

Another point which you might wish to consider is the effect on Gibraltar's relations with Spain...Spain has now applied for Associate Membership of the EEC, but her application is embarrassing the Six and we do not know whether or not it will eventually be accepted. No decision is likely for a long time but if it is eventually turned down there may be some effect on the eventual reaction of Spain to Gibraltar's membership of the Community. On the other hand if at some future date Spain...acceded to the Community, Gibraltar might find that being outside raised difficult economic problems.<sup>183</sup>

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<sup>181</sup> TNA CO 852/2053, Gorrell Barnes to Trafford Smith, 9 March 1962.

<sup>182</sup> TNA CO 852/2053 Trafford Smith to Keightley, 7 March 1962.

<sup>183</sup> Ibid.

The Governor reported that members of the Executive Council were 'disturbed' by the news Gibraltar could not be considered for AOT status as previously advised.<sup>184</sup> Indeed Keightley himself, a career military man, appeared somewhat confused by the concept, mistakenly believing AOT status was the same type of association as that being sought by Spain under Article 238. Nevertheless, there was a 'general feeling' amongst members of the Executive Council that it was 'desirable' for Gibraltar to join the Common Market alongside the UK, providing the economy could be safeguarded. The 'vital' importance of the ex-bond trade, as well as over-the-counter, duty-free sales to tourists, was raised by members as was the complexity of having to apply CET, a big change which some thought might require a 15-year adjustment period.<sup>185</sup>

Gibraltar and Malta were formally discussed by the Common Market Negotiations (CMN) committee at the end of March 1962. The committee noted 'strong logical reasons' for treating both territories in the same way, while acknowledging that full participation in the EEC would suit Malta, but would only work for Gibraltar with certain 'derogations' which might not be acceptable to the Six.<sup>186</sup> For the first time, the alternative of a so-called 'Morocco Protocol' was raised. This had been added to the 1957 Treaty of Rome to enable France to maintain its existing customs arrangements with Morocco, and other territories, pending clarification of their political future. In Gibraltar's case a similar protocol would leave 'the long-term future for Gibraltar open pending a decision about the association of Spain with the Community'.<sup>187</sup> Concern about Spain's position vis-a-vis the EEC seems to have been uppermost in the minds of Gibraltar's representatives, but as the Colonial

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<sup>184</sup> TNA CO 852/2053, Keightley to Trafford Smith, 17 April 1962.

<sup>185</sup> Ibid.

<sup>186</sup> TNA CO 852/2053, Extract from CMN (O) (62) 33rd Meeting, 27 March 1962.

<sup>187</sup> Ibid.

Secretary, Darrell Bates, informed London in May 1962 'there was also a strong tie with the UK and a desire not to be left out if Britain joined'. There was also a fear that by waiting, and only applying when Spain joined out of economic necessity, Gibraltar would then 'have to crawl to get in'.<sup>188</sup> When consulted, officials from the Treasury and Foreign Office thought it would be preferable to take Gibraltar outside the scope of the Treaty of Rome altogether, and if Spain reached an agreement with the EEC, the UK could exercise its 'power of veto' to ensure Gibraltar was brought in at the same time.<sup>189</sup> This was the first time that Britain's potential veto of any Spanish association with the EEC was raised within Whitehall, but it would not be the last. Following further consultation with various government departments, and a meeting between Trafford Smith and the Gibraltar representatives, Hassan and Russo, a new position was hammered out in June 1962, and agreed with the UK's Brussels-based negotiators. A letter outlining the new position was sent to the Governor on 10 July 1962. In it, Trafford Smith concluded 'it would be best for Gibraltar if it were excluded from the Common Market'.<sup>190</sup> This was principally because of doubts over whether Gibraltar would be able to continue operating its free port system if brought fully inside the EEC. Moreover the need to charge CET would cause 'considerable administrative problems' and the cursory customs controls currently in operation would 'have to be greatly tightened'.<sup>191</sup> Against these problems, there were very few advantages, other than free entry for Gibraltar's few manufactured goods into the UK and the Six (this consisted of a small meat cannery employing around 150 people), and free movement of labour for Gibraltarians. Given that most of the daily labour force travelled into Gibraltar,

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<sup>188</sup> TNA CO 852/2053, Note of Meeting with Mr J.D. Bates, Colonial Secretary, Gibraltar, 8 May 1962.

<sup>189</sup> TNA CO 852/2053, Harding to Vernon, 10 May 1962.

<sup>190</sup> TNA CO 852/2053, Trafford Smith to Keightley, 10 July 1962.

<sup>191</sup> *Ibid.*

rather than the other way round, there was no 'labour problem which would be eased by... opportunities for emigration'.<sup>192</sup> The major question mark remained Spain:

There is however, the problem of what would happen if Spain were to join the Common Market. In those circumstances it would seem that the economic assessment of the effect on Gibraltar of joining the Treaty of Rome would change, and, for political reasons, if you had not joined before, you would probably wish to join along with Spain. As any question of Spain joining the Common Market will certainly not be settled until the United Kingdom is a full member and thus entitled to a veto on Spain's application, we could make our agreement to Spain joining conditional upon Gibraltar being allowed to join as well.<sup>193</sup>

If the Governor agreed, the UK's Brussels delegation would be instructed to explore the possibility of an arrangement whereby Gibraltar would not be required to comply with the provisions of the Treaty of Rome.<sup>194</sup> Extraordinarily, the delay in reaching an agreed position meant that by the time this missive was despatched to the Governor in July 1962, Keightley had already left his post. It fell to Gibraltar's long-serving Colonial Secretary, Darrell Bates, to respond. Bates felt the new position confirmed his initial view that Gibraltar was better off outside the Treaty of Rome, but warned 'opinion here is...not unnaturally somewhat divided on the matter'.<sup>195</sup> He had instructed the Financial Secretary, Charles Gomez, to show Trafford Smith's letter to the unofficial members of the Executive

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<sup>192</sup> TNA CO 852/2053, Trafford Smith to Keightley, 10 July 1962.

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> TNA CO 852/2053, Bates to Trafford Smith, 30 July 1962.

Council to ascertain their views. Their response is indicative of the element of mistrust which had entered the Anglo-Gibraltarian relationship since the OEEC episode three years earlier:

The Unofficial Members appear to be inclined to the opinion that, on political grounds, Gibraltar should follow the United Kingdom, if the latter finally decide to join the Common Market. Their main concern is that, despite the assurances which may now be given by the UK government the latter may, when the time comes for Spain to join the organisation, be faced with considerable political pressure from the USA and other powers which, with the best will on their part, they may be unable to withstand. In this respect they have very much in mind the experience gained at the time of Spain's admission to the Organisation of European Economic Co-operation (OEEC) which appears to confirm their fears.<sup>196</sup>

Despite broad agreement amongst members of the need for 'the closest possible association with the United Kingdom,' Bates reported there were 'a number of conflicting economic interests'.<sup>197</sup> These ranged from those who wished to protect existing exports to the UK, such as the produce of the Gibraltar canneries, to those eager to protect 'the re-export trade'. As most of these re-exports went to Spain, as long as Spain remained outside the EEC, they would remain unaffected. If, however, Spain were to join the EEC, these re-exports, 'one of the principal mainstays of the local economy', would disappear as there would no longer be economic advantage in buying cheaper goods from Gibraltar.<sup>198</sup> Given the difficulties in agreeing a position, at the beginning of August 1962, Gibraltar,

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<sup>196</sup> TNA CO 852/2053, Bates to Trafford Smith, 30 July 1962.

<sup>197</sup> Ibid.

<sup>198</sup> Ibid.



Hong Kong and Malta, were left off the list of 30 territories which the UK had agreed could be granted association status. Proposals regarding these three would be put forward when the negotiations resumed in the autumn.<sup>199</sup> Gorrell Barnes expressed dismay that so little progress had been made and agreed that James Vernon, the Colonial Office's Head of Economic Relations, should be sent on a fact-finding mission to Gibraltar, after which 'quick decisions' would need to be taken.<sup>200</sup> The truth was the initial conversations with Gibraltar had highlighted two important, if conflicting, factors, one economic and the other overwhelmingly political. From the economic perspective, the process had revealed the importance Gibraltar attached to its re-export trade to Spain, and yet Whitehall officials were confused about what this entailed, and in the absence of reliable statistics, it was hard to make an accurate assessment of how this trade might be impacted if Gibraltar — and Spain — joined the EEC. Nor was this simply a question of accurate statistics, but of what was *included* within the statistics which were available. For example, official re-export statistics submitted for Gibraltar's 1960 annual report did not include what the Financial Secretary called 'invisible exports', in other words over-the-counter sales to tourists and daily workers from Spain. The latter, even with the restrictions in place at the frontier, were responsible for carrying over a huge variety of goods, including tobacco (chopped, pressed and packed), coffee, condensed milk, sugar, margarine, soap and antibiotics.<sup>201</sup> No figures were available but the Government of Gibraltar estimated that around 90-95% of leaf tobacco and 60-75% of coffee was 're-exported' in this manner.<sup>202</sup> More significantly though, were the bonded warehouse facilities in Waterport where goods could be stored before being re-exported elsewhere. Although these goods attracted a small import duty

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<sup>199</sup> 'Gibraltar's joining Common Market to be discussed at Brussels in Autumn', *Gibraltar Chronicle*, 3 August 1962, p.1.

<sup>200</sup> TNA CO 852/2053 Gorrell Barnes to Vernon, 4 September 1962.

<sup>201</sup> TNA CO 852/2053, Gomez to Vernon, 11 October 1962.

<sup>202</sup> *Ibid.*

on entering Gibraltar, not all dutiable goods were included in the official reports, including, most obviously, American cigarettes, which, the Financial Secretary was forced to admit, were absent from the returns sent to the Department of Technical Co-operation (DTC) until January 1962.<sup>203</sup> Trade in this particular commodity had increased hugely in 1960, following the end of Tangier's international free port status and the restoration of the city to the Kingdom of Morocco. A report in the *Gibraltar Chronicle* noted that during one six-month period in 1960 Gibraltar imported 841 million American cigarettes, compared to 5 million in the previous six months. At the same time, Tangier had seen a corresponding drop of 850 million: 'One doesn't need Scotland Yard training to deduce that the cigarettes which were once being channelled through Tangier were now being passed through Gibraltar'.<sup>204</sup> No wonder officials were scratching their heads at official figures from Spain which showed just £18,000 worth of imports from Gibraltar in 1960. While a variety of euphemisms were employed to describe the 're-export' or 'entrepôt' trade there was little doubt that what was being described was smuggling on a massive scale. As the Financial Secretary explained to Vernon:

the statistics by the Spanish government cannot possibly show their actual imports because these are in the majority of cases not declared by the importers either because they are smuggled into the country or because an import licence, when granted, is used over and over again to cover a number of importations. The Spanish Customs officials must obviously be a party or the imports could not possibly go undetected.<sup>205</sup>

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<sup>203</sup> TNA CO 852/2053, Gomez to Vernon, 11 October 1962.

<sup>204</sup> John Reed, 'The new cigarette chain', *Gibraltar Chronicle*, 19 July 1961, p. 2.

<sup>205</sup> TNA CO 852/2053, Gomez to Vernon, 11 October 1962.

The fact was, while Spain maintained high tariff barriers on imports, a wide variety of goods, including tobacco, could be bought cheaper in Gibraltar, turning the Rock into ‘the traditional shopping centre of the South of Spain’.<sup>206</sup> If Spain were to join Gibraltar in the EEC, these barriers would disappear, and so presumably would much of the trade. However anxiety about Gibraltar’s economic prospects inside or outside the EEC was only one part of the equation. The debate over whether or not Gibraltar should follow the UK into the EEC raised political and existential questions for both, as Vernon recognised:

- a) how much importance does Gibraltar really attach to close ties with Britain?
- b) how much do we attach to close ties with Gibraltar?
- c) what is the ultimate political future of the territory and in particular would it affect that future adversely if both Gibraltar and Spain were in the community...? <sup>207</sup>

This debate coincided with a period of British history in which the winds of change were forcing maps to be re-drawn across the world. Between August 1960 and October 1964, fifteen territories of the former British empire won their independence, including Cyprus and Malta. But Gibraltar was different; politically and economically it was ‘too small to go it alone’ and would most likely ‘be swallowed up by Spain’.<sup>208</sup> As the Mediterranean Department’s Mr Raymer put it, defence considerations aside, ‘whether we attach importance to our ties with Gib is irrelevant. We are stuck with them’.<sup>209</sup> In the summer of 1962, the Colonial Office was looking in detail at the specific problems posed by smaller colonies, and examining novel solutions from ‘free association’ to ‘integration’ for those

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<sup>206</sup> TNA CO 852/2053, Gomez to Vernon, 11 October 1962.

<sup>207</sup> TNA CO 852/2053, Vernon to Raymer, 11 September 1962.

<sup>208</sup> TNA CO 852/2053, Raymer to Vernon, 12 September 1962.

<sup>209</sup> Ibid.

territories which for one reason or another could not contemplate independence.<sup>210</sup> In the case of Gibraltar and Spain, as one Treasury official pointed out, if 'both were members of an enlarged community it would mean the removal of the existing barriers between them to the free movement of goods, people, capital etc. in these circumstances it might well be much more difficult for Gibraltar to avoid absorption by Spain than it is at present'.<sup>211</sup> This was not a point, he felt, which had been considered in Gibraltar or by the Colonial Office, yet when it was put to Peter Isola, one of the elected Gibraltarians on the Governor's Executive Council, he was not unduly concerned:

the connections and enterprise of Gibraltar's merchants should enable them to fare reasonably satisfactorily...Gibraltar was not worried about being inside [EEC] with Spain provided Britain was also a member, and that its political status was thereby ensured. But Gibraltar would be worried to find herself outside and Britain inside.<sup>212</sup>

In October 1962, the Colonial Office's James Vernon flew out to the Rock on a five-day fact-finding mission. The visit, which included meetings with the Executive and Legislative Councils, as well as the local Chamber of Commerce, was no secret, and was reported in the local press.<sup>213</sup> This was perhaps the best opportunity during the entire process for Gibraltar's representatives to put their views on record. Following a detailed briefing from Vernon, in which members of the Legislative Council were told the negotiations would be

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<sup>210</sup> TNA CO 926/1227, Smaller Colonial Territories: An examination of integration or close association with the United Kingdom as a constitutional objective, August 1962.

<sup>211</sup> TNA CO 852/2053, Harding to Vernon, 10 September 1962.

<sup>212</sup> TNA CO 852/2053, Note of meeting with Mr. P. G. Isola, Member for Education, Gibraltar Government, 24 September 1962.

<sup>213</sup> 'Question time at LegCo', *Gibraltar Chronicle*, 6 October 1962, p.1.

concluded in early 1963 and the UK would become a member in the second half of the year, the Chief Member of the Legislative Council, Joshua Hassan, attempted to sum up its views. Immediate membership of the EEC, without special arrangements, would cause major difficulties for Gibraltar and offer no compensating advantages, nevertheless 'the main worry of the members of the Legislative Council was the effect on Gibraltar if Spain were to join the Community'.<sup>214</sup> Vernon emphasised that it was ultimately up to the Government of Gibraltar to weigh the various options and to tell the British government which course they wanted to adopt, but personally he felt it would be easier to negotiate special terms if Gibraltar could say that ultimately it desired full membership of the Common Market. After further discussion, it was 'unanimously agreed' that the British government should be asked to explore the possibility that Gibraltar should not be required to comply with the provisions of the Treaty of Rome when the UK joined, but that, if possible, special arrangements should be obtained to protect its exports to the UK, with the terms of its eventual entry into EEC negotiated at a later time.<sup>215</sup> After the meeting, Hassan and Vernon sat down in private to draw up a resolution which could be put to the Executive Council two days later. Although there were dissenting voices, including some who believed entry into the Community should be delayed as long as possible, 'Mr Hassan and others who think like him are prepared to see active steps taken towards entry into the Community in the near future'. This was because, in Hassan's view, 'the political need to remain close to Britain overrode all other considerations'.<sup>216</sup> Although the final resolution adopted by the Executive Council concealed 'a fairly wide measure of disagreement' this mainly related to the possible timing of any transition period rather than the ultimate goal. Indeed there was 'almost unanimous agreement' that if Spain joined or became associated

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<sup>214</sup> TNA CO 852/2053, Record of meeting held at the Colonial Secretariat, 3 October 1962.

<sup>215</sup> Ibid.

<sup>216</sup> TNA CO 852/2053, Vernon to Gorell Barnes, 11 October 1962.

with the Common Market, Gibraltar would have to do so and it was therefore better to get in before Spain and avoid the danger of the EEC agreeing to Spain's membership and not Gibraltar's.

The position above all which they did not wish to see arise is that Britain and Spain should be closely associated economically (and perhaps politically) in a United Europe with Gibraltar left isolated outside.<sup>217</sup>

The line agreed by the Executive Council reflected these fears, making it clear that Gibraltar was 'anxious to continue its close association with the United Kingdom' including 'all matters affecting her relations with the European Economic Community'. Nevertheless, from a 'practical point of view' the 'special circumstances' prevailing in Gibraltar made it impossible to be automatically included from the moment of the UK's accession, although this remained the 'ultimate aim'.<sup>218</sup> On return to London, Vernon won backing for this new line from the Colonial Office's chief Brussels negotiator, Sir William Gorell Barnes. The final step before negotiators could present their case in Brussels was to get the agreement of the Common Market Negotiations (Official) Committee. A detailed memorandum with appendices was prepared by the Colonial Office ahead of the committee's meeting on 26 November 1962, although following a request from Gibraltar's Financial Secretary that 'information about the nature of our trade with Spain should...not be quoted in any official document' figures pertaining to sales to daily workers, or the destination of bulk re-exports, were left out of the economic analysis.<sup>219</sup> This obfuscation was in sharp contrast to the

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<sup>217</sup> TNA CO 852/2053, Vernon to Gorell Barnes, 11 October 1962.

<sup>218</sup> TNA CO 852/2053, Proposed submission to Executive Council, October 1962.

<sup>219</sup> TNA CO 852/2053, Gomez to Vernon, 11 October 1962.

section on the political significance of joining the EEC which the document made clear was ‘the overriding consideration’ in ‘the eyes of Gibraltarians’:

Gibraltar has always been proud of its close links and strategic importance to Britain a feeling which had been considerable reinforced by chronic Spanish demands for ‘return’ of the territory to Spain. The Gibraltarians have no racial affinities with the Spaniards and have no desire whatever for union with Spain.<sup>220</sup>

The restrictions at the frontier had imbued Gibraltarians with a ‘deep distrust of Spain’ and reinforced a desire to remain closely linked to Britain. Gibraltarians wished above all to ensure that the UK’s entry into Europe did not weaken these links. They had concluded that ‘whatever else happens they must be sure of being within the Community before Spain joins’.<sup>221</sup> While several members of the Executive Council, including Sir Peter Russo, had called for a public commitment from the UK to veto Spain’s entry until Gibraltar had been brought in, there was a recognition that circumstances might change and it was better to take ‘the more positive line’ of deciding now they did wish to join, albeit with an interim period for negotiation.<sup>222</sup> While Spain had featured prominently in the briefing prepared for the committee, a draft paper drawn up for the EEC omitted all references to Spain. Wishing to avoid any ‘difficulties’ which might arise if the position of Spain in relation to the EEC was linked to the Gibraltar negotiation, the committee decided to remove an earlier reference to ‘observing the course of events in neighbouring countries’.<sup>223</sup> As

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<sup>220</sup> TNA CO 852/2053 Gibraltar: Note by the Colonial Office, November 1962.

<sup>221</sup> Ibid.

<sup>222</sup> TNA CO 852/2053 Gibraltar: Note by the Colonial Office, November 1962.

<sup>223</sup> TNA CO 852/2053 Extract from CMN (O) (62) Meeting, 26 November 1962.

Vernon explained to Gomez any reference to Spain 'direct or indirect' was best avoided for fear it would lead to further questions, 'endangering quick acceptance of our proposals on Gibraltar'.<sup>224</sup> Although no decision was taken at Cabinet level, submissions were sent to the two responsible ministers: the Lord Privy Seal, Edward Heath, and the Secretary of State for the Colonies, Duncan Sandys, who had replaced Reginald Maudling in July 1962. Both ministers were informed of the economic disadvantages for Gibraltar of applying Article 227 (4) but the overriding political importance attached by the Gibraltarians to being inside the EEC before Spain. Once they had approved the position, only one further obstacle remained before the Brussels delegation could formally submit its proposals, and that was waiting for the concurrent negotiations over Malta to reach a conclusion. At the UK-EEC ministerial meeting on 10 December 1962, the UK was informed that Malta would not be able to negotiate separately, as per the Maltese request. The following day, the UK's Brussels delegation submitted an eight-paragraph note on Gibraltar's position in the negotiations. The product of almost a year-and-a-half of debate was a classic fudge. It suggested that, although Article 227 (4) clearly applied to Gibraltar, it should not come into effect upon the UK's accession but be 'held in suspense' until such a time as the terms and conditions of its operation in Gibraltar could be agreed.<sup>225</sup> In the meantime, the UK delegation called for a version of the 'Morocco Protocol' which would allow Gibraltar to continue exporting to the UK on its current terms after the UK's accession to the EEC.<sup>226</sup>

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<sup>224</sup> TNA CO 852/2053, Vernon to Gomez, 10 December 1962.

<sup>225</sup> TNA CO 852/2053, Gibraltar: Note by the British delegation, 11 December 1962.

<sup>226</sup> *Ibid.*



## 2.7 The impact of De Gaulle's veto

Despite broad agreement on many of the issues confronting negotiators, the success of Britain's application depended on securing the agreement of the French President, Charles De Gaulle. On 14 January 1963, the same day that negotiations were due to begin a final three-week sprint to the finish, De Gaulle delivered his damning verdict in a press conference from the Elysée Palace. The accession of Britain and the other EFTA states would 'completely change' the EEC, lead to a lack of a cohesion and eventually 'a colossal Atlantic Community under American dependence and direction'.<sup>227</sup> Negotiations stumbled on for another fortnight, but could not recover from the blow issued by De Gaulle. Macmillan despaired, concluding 'all our policies at home and abroad are in ruins'.<sup>228</sup> But it was not just the British government which took the news badly. In July 1962 the Council of Ministers had made it clear that all discussions with third country applicants, including Spain, were suspended until the British negotiations concluded. De Gaulle's veto paralysed the enlargement process, not just for the UK, but for everyone else, and threw the EEC into an existential crisis. At the end of November 1962, frustrated at a lack of progress with its application, Spain requested an opportunity to make the case for associate membership at the Council of Ministers meeting on 21-22 January 1963. The crisis caused by De Gaulle's veto a week earlier meant the 'Spanish question' did not even make the agenda.<sup>229</sup> On 22 January 1963, the Spanish press announced that the bid to open negotiations with the EEC had been postponed indefinitely. Senante Berendes suggests the government may have already concluded their request was unlikely to be

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<sup>227</sup> CVCE, 'Press conference held by General De Gaulle 14 January 1963,' Available at: [https://www.cvce.eu/en/obj/press\\_conference\\_held\\_by\\_general\\_de\\_gaulle\\_14\\_january\\_1963-en-5b5d0d35-4266-49bc-b770-b24826858e1f.html](https://www.cvce.eu/en/obj/press_conference_held_by_general_de_gaulle_14_january_1963-en-5b5d0d35-4266-49bc-b770-b24826858e1f.html) [accessed: 1/4/2020].

<sup>228</sup> Heath, *The Course of My Life*, p. 236.

<sup>229</sup> Senante Berendes, *España ante la integración europea*, p.87.

looked on favourably by the European Parliament, but the effect of De Gaulle's veto was real enough:

*La realidad de la ruptura de las negociaciones con Inglaterra y la consecuente crisis interna de la Comunidad había afectado directamente a las posibilidades de audiencia española. Estaba claro que el fracaso de las negociaciones de Bruselas y sus consecuencias hacían del asunto español una cuestión inoportuna y carente de urgencia.* <sup>230</sup>

Moreover De Gaulle's actions seem to have taken the government by surprise; Spain had never entertained the possibility that the UK application might be rejected. In fact, the UK's decision to apply for membership had been a contributing factor in Spain's own approach. The failure of the negotiations induced a 'great depression' in Madrid, not least because of the belief that British influence in Brussels might have helped shift the EEC towards something more to Spanish taste.<sup>231</sup> From an economic perspective, it was becoming increasingly clear that Spain 'could not afford to remain outside the Six'.<sup>232</sup> Politically, however, despite the influence of the so-called technocrats and the need to modernise and liberalise economically, as Calderón Martínez has noted, the Franco regime 'desperately wanted to limit' the liberalising influence that 'foreign governments, opposition forces abroad or international organisations could have in domestic affairs'.<sup>233</sup> Whatever

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<sup>230</sup> ['The reality of the breakdown of the negotiations with England and the Community's consequent internal crisis had directly affected the likelihood of a meeting with the Spanish authorities. It was clear that the failure of the Brussels negotiations and its consequences made the Spanish issue an inconvenient question lacking urgency.']

Senante Berendes, *España ante la integración europea*, p.87.

<sup>231</sup> TNA FO 371/171406, Baker to Gallagher, 14 February 1963.

<sup>232</sup> Ibid.

<sup>233</sup> Pablo Calderón Martínez, 'The EU and Democratic Leverage: Are There Still Lessons to be Learnt from the Spanish Transition to Democracy?', *Journal of Contemporary European Studies*, (2015) 23:4, pp. 530-547 (p. 538).

economic levers had been handed to the 'younger generation', it was 'the old guard' which still retained much of the decision-making power.<sup>234</sup> At various inopportune moments throughout Spain's first approach to the EEC, this hard-line element had sought to re-assert its authority. Just weeks after Spain's application had been sent to Brussels, Admiral Carrero Blanco, Franco's right-hand man, was talking privately about the EEC as 'a fief of Freemasons, Liberals and Christian Democrats' and in June 1962 a gathering of pro-European opposition forces in Munich exposed this type of attitude to the public.<sup>235</sup> At the 4th Congress of the European Movement, representatives of the exiled Spanish opposition and internal opponents of Francoism united behind the pro-European cause. In a ten-minute speech delivered in perfect French, Salvador de Madariaga, a prominent liberal exile, declared 6 June 1962 the day 'the civil war ended'.<sup>236</sup> A resolution proposed by the Spanish delegation restated the principle that integration with Europe, either through membership or association, must be accompanied by full respect for democratic institutions and human rights.<sup>237</sup> Franco was furious. In his memoirs, Spain's then ambassador to France recalls that what he terms '*la clique de los fanáticos madrileños*' became convinced this demonstration had to be combatted '*a sangre y a fuego*'.<sup>238</sup> Spanish participants were exiled or banished to the Canary Islands and the congress was denounced as a *contubernio* or conspiracy of Spain's enemies. The *Fuero de los Españoles*, a pseudo-Bill of Rights adopted in 1945 when Franco was trying to win favour with the Allied powers, was revoked and the press stepped up its attacks on liberalism and

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<sup>234</sup> TNA FO 371/169493, Beddington-Behrens to Heath, 17 May 1963.

<sup>235</sup> Quoted in MacLennan, *Spain and European Integration*, p.63.

<sup>236</sup> Fernando Álvarez de Miranda, *Del "contubernio" al consenso* (Barcelona: Planeta, 1985), p. 33.

<sup>237</sup> Moradiellos, 'Franco's Spain and the European Integration process', p. 75

<sup>238</sup> ['clique of Madrid fanatics'.]

['by blood and fire'.]

José María de Areilza, *Memorias exteriores, 1947-1964* (Barcelona: Editorial Planeta, 1984), p. 174.

democracy. The result was a wave of protest and condemnation from across Europe. Franco had sabotaged Spain's negotiations with the EEC before they had even started. The following year, shortly after De Gaulle's veto, Franco's Council of Ministers ordered the execution of the Communist Julián Grimau for crimes allegedly committed during the civil war. Castiella told José María de Areilza that he alone had argued for clemency, but to no avail.<sup>239</sup> The result was a further wave of revulsion across Europe and the extinguishing of any lingering hope of an agreement between Spain and the EEC.

Britain and Spain's failure to secure themselves a place in Europe would have serious implications for Gibraltar. In May 1961, Castiella had told Home that settling differences over Gibraltar was part of Spain's desire to be 'a useful partner in modern Europe'.<sup>240</sup> Two years later, the breakdown in Britain's EEC negotiations prompted Hassan to wonder whether the rapprochement with Spain was now hanging 'in the balance'.<sup>241</sup> The truth was a little more complicated. Even before De Gaulle's press conference, Anglo-Spanish talks over Gibraltar had reached something of a 'deadlock'.<sup>242</sup> In May 1961, the two foreign ministers had agreed to look into the question of smuggling, in return for the lifting of frontier restrictions. With this limited brief, discussions between officials got under way in December 1961, but there was nervousness on both sides about what could be achieved. Labouchère feared the Spaniards might use the talks 'as an excuse for re-opening the whole Gibraltar question'.<sup>243</sup> While Fernando Olivié, an MFA official involved, thought the conversations 'might easily break down' and 'force Gibraltar matters once again before the

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<sup>239</sup> Areilza, *Memorias exteriores*, p.164-165.

<sup>240</sup> TNA FO 371/160771, Record of a Conversation on the way to Toledo, 29 May 1961.

<sup>241</sup> TNA CO 926/1960, Hassan to Bates, 5 February 1963.

<sup>242</sup> TNA FO 371/163808, Anglo-Spanish Discussions on Gibraltar Matters, 25 June 1962.

<sup>243</sup> TNA FO 371/160771, Labouchère to Tomkins, 29 August 1961.

public' where previously they had been — with Franco's 'acquiescence' — largely 'dormant'.<sup>244</sup> Three rounds of talks were held between December 1961 and May 1962, but the conversations went in circles. The Gibraltarians viewed the frontier restrictions as a 'hostile political act' and saw 'no logical connection' with the issue of smuggling.<sup>245</sup> As a result, they were unwilling to make the first move. Meanwhile, Castiella did not hold out much hope of getting the rest of the cabinet to agree to the lifting of restrictions without offering 'substantial prospects to other ministries'.<sup>246</sup> Castiella simply lacked the political capital to persuade his colleagues to make a gesture over the frontier. By the time the talks broke up in the summer of 1962, Labouchère informed London that Castiella was 'embarrassed' at being 'overruled' on Gibraltar.<sup>247</sup> If Castiella was disappointed with the outcome, the Gibraltarians, whose expectations had been raised at the start of the process, were increasingly, and openly, angry that Britain's policy of friendship had produced so little results. Indeed, in some respects, the situation had deteriorated, with new sources of complaint added to the 1954 restrictions, including a long-running dispute over Gibraltar's right to broadcast a television station, and cars coming off the Tangier-Gibraltar ferry being prevented from crossing the frontier at La Línea. This growing sense of frustration was summed up by the *Gibraltar Post*, a paper close to Hassan's AACR:

Eight solid years have gone by since practically alone for most of the time, this paper has advocated a policy of friendship coupled with firmness as regards Spain...During all these years...the only advice from the U.K government has been "Play it down and don't embarrass us!"...Eight years

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<sup>244</sup> TNA FO 371/160771, Labouchère to Tomkins, 17 August 1961.

<sup>245</sup> TNA FO 371/163808, Keightley to Labouchère, 16 February 1962.

<sup>246</sup> TNA FO 371/163808, Hope to Jamieson, 2 May 1962.

<sup>247</sup> TNA FO 371/163808, Labouchère to Foreign Office, 30 May 1962.

gone to waste and now we are more than ever at the mercy of Spain's whims.<sup>248</sup>

The paper made it clear who was at fault, not Spain, 'she knows what she wants and how to get it' — no, 'We blame Britain for her soft-soap diplomacy'.<sup>249</sup> A few days after the article's publication, Hassan and Russo travelled to the UK to meet Lord Lansdowne at the Colonial Office. Hassan made no secret of the deep dissatisfaction felt by members of the Legislative Council over Britain's policy towards Spain, arguing that if nothing was done, it would be 'better to return to direct rule':

The Gibraltarians are no longer satisfied with the explanation that relations between Gibraltar and Spain can only improve as Anglo-Spanish relations in general improve. They think that we have tried this line too long and we should now get tough, not do things to help Spain and make a public statement to the effect that any improvement in Anglo-Spanish relations is impossible until the Spaniards change their attitude to Gibraltar.<sup>250</sup>

The unsatisfactory outcome of the talks, which risked drifting into 'dispute', and the growing anger in Gibraltar, led to a re-assessment of Britain's policy towards Spain in the summer of 1962.<sup>251</sup> The talks had demonstrated one of the major obstacles to progress, namely the fact that 'the Spanish Ministry of Foreign Affairs has little influence over the offices of the Spanish Deputy Prime Minister, the Ministry of the Interior, the Minister of

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<sup>248</sup> "'Ha! Ha! Ha!'" - 'H.M Ambassador in Madrid fooled', *Gibraltar Post*, 2/3 June 1962.

<sup>249</sup> *Ibid.*

<sup>250</sup> TNA FO 371/163808, Hassan visit, Note by E.E. Tomkins, 5 June 1962.

<sup>251</sup> TNA FO 371/163808, Anglo-Spanish Discussions on Gibraltar Matters - Summary of the discussions between Señor Olivé, Spanish Ministry of Foreign Affairs, and Mr Hope, H.M Embassy, Madrid, in the course of 1961 and 1962.

Finance and the Armed Forces, all of whom have a say in the Spanish control of the frontier'.<sup>252</sup> As long as the MFA remained 'ineffective' and the other ministries remained in the hands of the 'old guard Falangists' there was little hope.<sup>253</sup> And yet the alternative of returning to a policy of giving Spain 'the cold shoulder' was also rejected. If the UK decided to oppose Spanish entry into the EEC, or other international organisations, it would probably 'incur Spanish resentment and provoke them in retaliation'. Apart from anything else, the UK was 'not in a position to oppose them, even if we wished to' not least because 'in the case of the EEC, we are not members'. The conclusion was reached that there was no alternative to encouraging Spain's 'growing liberal and international tendencies' by 'bringing her fully into Europe where she belongs'.<sup>254</sup> Throughout the rest of the year, debate raged within Whitehall over what to do next. In December 1962, the British Ambassador in Madrid argued that the only option was to try and re-start the talks in the hope of securing some form of 'simultaneous concession'. While it was tempting to simply let things 'slide' and count on time and Spain's growing economic prosperity to reduce the temperature, Labouchère thought this posed its own dangers. He was beginning to suspect that far from eliminating the Gibraltar problem, Spain's move towards Europe may even have the opposite effect:

Spain's increasing prosperity, the eventual entry of both Spain and Great Britain into the Common Market and the increasing decline of Great Britain as a world power may equally well make Spain *more*, rather than less, restive about the Colony.<sup>255</sup>

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<sup>252</sup> TNA FO 371/163808, Anglo-Spanish Discussions on Gibraltar Matters - Summary of the discussions between Señor Olivé, Spanish Ministry of Foreign Affairs, and Mr Hope, H.M Embassy, Madrid, in the course of 1961 and 1962.

<sup>253</sup> Ibid.

<sup>254</sup> TNA FO 371/163808, Gibraltar- HMG's Policy towards Spain, 27 June 1962.

<sup>255</sup> TNA CO 926/1960, Labouchère to Tomkins, 18 December 1962.

Finally in the summer of 1963, almost a year after Anglo-Spanish talks had ended, and several months after De Gaulle's veto, Labouchère was instructed to re-open lines of communication with the Spaniards. However, by the time he took Olivié out for lunch in San Sebastian on 31 July 1963, with the intention of resuming talks over Gibraltar, events had overtaken him. He was informed by Olivié that Gibraltar would be discussed at the upcoming meeting of the UN Committee of 24 in September. One chapter in Anglo-Spanish relations was closing, and another, far more acrimonious one, was about to begin.

## 2.8 Conclusion

Anglo-Spanish relations, which had been in the doldrums since the end of the war, undeniably improved during this period. This had a lot to do with what Selwyn Lloyd referred to as the two countries' 'common interests' and 'objectives'. Not least, Spain's post-1957 aspiration 'to achieve a progressive integration with Western Europe'.<sup>256</sup> Central to this was acceptance into the post-war organisations formed in Spain's absence, of which the OEEC, founded to distribute Marshall Aid funds, was the most totemic. Britain chose to support Spain in its first steps towards economic integration with the rest of Europe, but despite pressure from Gibraltar, declined to make this conditional on a reversal of the 1954 frontier restrictions. Instead, both the British Foreign Office and the Spanish Ministry of Foreign Affairs believed that as relations warmed up, other 'problems', including Gibraltar, could be solved 'little by little'.<sup>257</sup> However while both countries sincerely wanted to avoid bilateral relations being impaired by the 'shadow' cast by the

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<sup>256</sup> TNA PREM 11/2817, Record of a Conversation between Secretary of State and Spanish Foreign Minister, 1 September 1959.

<sup>257</sup> TNA FO 371/160771, Labouchère to Tomkins, 17 August 1961.



Rock, they had different ideas about what a solution might look like.<sup>258</sup> Castiella personified the regime's schizophrenia in this period. A former Blue Division volunteer and committed *Franquista*, he nevertheless took a pragmatic view of what was required to restore Spain's international credibility. But while he was committed to improving relations with Britain for all sorts of practical reasons, he never made any secret of his view that Gibraltar remained a source of 'humiliation'.<sup>259</sup> Castiella drew a distinction between British use of the military base, something that might be negotiated, and the Gibraltarians themselves. As he told Lord St Oswald at the beginning of 1960 when discussing the visas issue, while 'almost all British subjects, that is those from the United Kingdom, were extremely "correct", the 'mixture of Levantines, Maltese, Jews and Indians making up the population of Gibraltar' were 'an entirely different case: they could not be depended upon in the same way'.<sup>260</sup> For Castiella the solution lay in improving relations with Britain to the point where irritants like Gibraltar could be dealt with on a gentlemanly basis. Britain aimed to get Spain to accept Gibraltar 'as a fact of life' and to remove it as a complication in Anglo-Spanish relations.<sup>261</sup> For Gibraltarians, nothing less than a return to the *status quo ante*, and a lifting of all of the 1954 restrictions, would do. With such divergent aims, reaching any sort of agreement was always going to be difficult. Whilst Spain pursued a path towards Europe, a Europe it believed, and hoped, might be fashioned in the British image, the problem of Gibraltar could be buried 'under the rug'.<sup>262</sup> However De Gaulle's veto and the Francoist sabotage of Spain's own bid for association, removed one of the main planks on which this common path was built. This coincided with the catapulting of

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<sup>258</sup> TNA CO 926/890, Castiella to Mallett, 18 December 1958.

<sup>259</sup> TNA FO 371/160771, Labouchère to Tomkins, 29 August 1961.

<sup>260</sup> TNA FO 371/153248, Summary of an interview with the Spanish Foreign Minister, Señor Don Fernando Castiella, 19 January 1960.

<sup>261</sup> TNA FO 371/163808, Gibraltar - HMG's Policy Towards Spain, 27 June 1962.

<sup>262</sup> TNA FO 371/163808, Anglo-Spanish Discussions on Gibraltar Matters, 25 June 1962.

the Gibraltar question onto the world stage at the UN in the autumn of 1963 and set the scene for a serious deterioration in Anglo-Spanish relations, with lasting implications for Gibraltar.

## Chapter 3 — ‘In the freezer’ (1964-1969)

### 3.1 Introduction

If the period between 1957 and 1963 can be characterised as a thaw in the frosty post-war Anglo-Spanish relationship, then from 1964 until the end of the decade, with both countries’ European aspirations ‘in the freezer,’ bilateral relations took a dramatic turn for the worse.<sup>263</sup> This has often been attributed solely to the ‘internationalisation’ of the Gibraltar controversy, which was discussed in the UN’s Special Committee on Decolonisation (the Committee of 24) for the first time in September 1963.<sup>264</sup> However, just as important was Castiella’s recognition by 1964 that Spain’s European option had been removed by a combination of De Gaulle’s veto, the election of a eurosceptic Labour Party in the UK, and Franco’s intransigence. In this chapter I explore the implications for Gibraltar of what Pardo Sanz has called Spain’s ‘nationalist turn’ in 1965, and Castiella’s attempt to pivot away from Europe and the Western Alliance.<sup>265</sup> By the time Britain submitted a new application for EEC membership in 1967, the renewed Spanish campaign for the return of Gibraltar had taken on a life of its own, and there was little chance of Wilson’s approach to Europe providing the common ground it had in 1957-63.

In Gibraltar, the revival of the Spanish claim at the UN proved at first to be a powerful unifying force, uniting political opponents and forcing Gibraltarians to articulate who they were and what they wanted in an international forum for the very first time. However, when their case did not get the reception they had hoped for, this united front began to break

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<sup>263</sup> Labarta, ‘Las relaciones Hispano-Británicas’, p. 95.

<sup>264</sup> Ibid.

<sup>265</sup> Pardo Sanz, ‘Las relaciones hispano-norteamericanas’, p.137.

down, a process accelerated by Britain's 1966 decision to agree to talks with Spain. The integrationist movement which emerged to challenge, and ultimately displace Hassan's AACR government, was, paradoxically, both attracted and repelled by Britain. Attracted by a form of integration with the metropolitan power which it believed would lead to Gibraltar's decolonisation, and repelled by what it viewed as Britain's appeasement of Spain. The political rise of the integrationists coincided with the emergence of the idea of a 'European solution' to Gibraltar's difficulties with Spain. Integration with Europe was embraced as a logical first step towards the ultimate goal of integration with Britain. Not only might a borderless Europe one day make a nonsense of territorial disputes, but integration with Europe would provide a means of binding Gibraltar closer to Britain, bypassing the UK's increasingly restrictive Commonwealth immigration policy and raising living standards to those of a European-style social democracy. By the time Castiella was dismissed in 1969, the previous five years had dramatically altered the landscape. The frontier between Spain and Gibraltar was completely closed, effectively sealing the Rock off from the rest of the continent, while the British government had been forced into making a solemn pledge to never hand the Gibraltarians over to another state against their wishes. Crucially, the integrationists, who claimed credit for securing this pledge, were elected to power in Gibraltar in 1969, ahead of Britain's third, and ultimately successful, push for EEC membership in 1970.

### **3.2 The disappearance of the European option (1964-1966)**

When an official from the Commonwealth Office was charged with preparing a negotiating brief on Gibraltar for Britain's second application for EEC membership in 1967, he noted ominously that since De Gaulle's veto in 1963 the 'international political atmosphere

surrounding Gibraltar' had completely changed.<sup>266</sup> At the time of Britain's first bid, the Anglo-Spanish dispute over Gibraltar had been conducted in 'a relatively minor key' but now it had reached 'a screaming pitch'.<sup>267</sup> The progressive deterioration in Anglo-Spanish relations from 1964 onwards is usually attributed to the internationalisation of the Gibraltar issue at the UN and Britain's subsequent decision to accelerate plans for Gibraltar's constitutional development.<sup>268</sup> Certainly there was unease in Spain when Britain handed greater powers of self government to Gibraltar, but Anglo-Spanish relations retained a degree of courtesy while Sir Alec Douglas-Home's Conservatives remained in power. That disappeared when it became clear that Harold Wilson's Labour Party had won enough seats to form a government in October 1964. Wilson had provoked fury in Madrid when he told the House of Commons in June 1964 that a Labour government would never sell arms to fascist Spain.<sup>269</sup> Defence co-operation, including joint naval exercises in the Strait of Gibraltar, had developed apace between 1960 and 1964, and the Spanish navy had placed a multi-million pound order for four British-designed Leander frigates and a Type 82 destroyer.<sup>270</sup> In the wake of Wilson's comments, the order was cancelled. A week after assuming office, Wilson cancelled the joint naval exercises which had taken place in each of the last six years and were due again in November 1964. Unsurprisingly, 'the old guard' within the Franco regime took this 'snub' particularly badly.<sup>271</sup> Castiella told the British Ambassador that the Spanish government felt 'profoundly insulted' and had concluded Britain did not desire cooperation with Spain.<sup>272</sup> In October 1964 the Spanish authorities

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<sup>266</sup> TNA FCO 20/83, Draft Negotiating Brief, 18 August 1967.

<sup>267</sup> Ibid.

<sup>268</sup> See Sepúlveda, *Gibraltar: La Razón y La Fuerza*, p. 289; and Sánchez Mantero, 'Castiella y Gibraltar', p.137.

<sup>269</sup> *Hansard*, House of Commons Debate, 17 June 1964, vol. 696, col. 1410-1412.

<sup>270</sup> Labarta, 'Las relaciones Hispano-Británicas', p. 95.

<sup>271</sup> TNA CO 926/1969, Labouchère to Foreign Office, 10 November 1964.

<sup>272</sup> TNA FO371/174943, Anglo-Spanish Relations. Interview with Señor Castiella, 20 November 1964.

began to impose a new series of restrictions at the La Línea frontier and by the end of the year all Spanish goods bar fresh fruit, vegetables and fish were banned from export to Gibraltar, and vehicles entering or leaving the territory faced queues of several hours. But there was a wider context to the renewal of hostilities in 1964 which went beyond the obvious ideological differences or the mechanics of the decolonisation process, and which has sometimes been overlooked. It concerns Europe.

De Gaulle's veto in January 1963 had not only ended British hopes of entering the EEC, it had paralysed the whole issue of enlargement, including Spain's bid for association status. To be sure, the Franco regime had done little to help; the wave of repression which followed the Munich gathering in June 1962 and the execution of Julián Grimau in April 1963 poisoned the atmosphere towards Spain in Western European capitals. Wherever the blame lay, the end result was the same, the common ground provided by Britain and Spain's shared European ambitions had disappeared. As a result, as Raimundo Bassols recalls, after the 'cold' reception in Brussels to Castiella's 1962 letter, Spain was 'practically excluded from Europe'.<sup>273</sup> On top of that, and 'more serious' even than De Gaulle's veto, according to the Spanish newspaper *YA*, was the 'anti-European attitude of the British Labour Party'.<sup>274</sup> In fact Labour's strongly anti-EEC leader, Hugh Gaitskell, had died unexpectedly four days after De Gaulle's press conference. There were, however, few reasons to suspect that his replacement, the young shadow foreign secretary, Harold Wilson, would take a more positive view of the EEC. Wilson had enthusiastically applauded his erstwhile leader's speech to the Labour conference in October 1962 in which Gaitskell had warned that entering the EEC would mean the 'end of the Commonwealth', the 'end of Britain as an independent European state' and famously, 'the

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<sup>273</sup> HAEU, Oral History Collections: Voices on Europe, *Raimundo Bassols Jacas* (1998) <[https://archives.eui.eu/en/oral\\_history/INT623](https://archives.eui.eu/en/oral_history/INT623)> [accessed 11 September 2023].

<sup>274</sup> TNA FO 371/171406, 'A Family Quarrel' *YA*, 31 January 1963.

end of a thousand years of history'.<sup>275</sup> Wilson had criticised Macmillan's EEC application and denounced the whole concept of the Treaty of Rome on the basis that it was 'anti-planning' and therefore incompatible with the idea of a nationally planned economy.<sup>276</sup> In short there was nothing to suggest that should Wilson lead Labour to victory in October 1964, negotiations with Europe would be resumed. On the contrary, Labour's manifesto made it clear the party still viewed 'the first responsibility' of any British government as being 'the Commonwealth'.<sup>277</sup> In an early sign of Labour's priorities in power, the new government announced a worldwide 15 per cent import surcharge on manufactured goods in an attempt to tackle the huge £800 million balance of payments deficit it had inherited. Significantly, the new charge not only affected more than half of all imports from the six EEC countries but more than a third of imports from Britain's own partners in EFTA, as well as third countries like Spain.<sup>278</sup> Not only did Wilson's tiny four-seat parliamentary majority rule out any move towards Europe on a purely practical level given the divided state of his party, but the new government chose to focus most of its energy between 1964 and 1966 on its national economic plan, so that, as one writer has put it, in this period the 'European option was relegated to a negligible parenthesis'.<sup>279</sup>

Spain's European ambitions had fared little better. Indeed, Castiella's 1962 request for association status had not even received a formal reply. Two years later, and clearly irked by the lack of progress, Spain's Ambassador to Brussels, Carlos Miranda y Quartín, wrote to the President of the EEC's Council of Ministers to remind him of Spain's interest in

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<sup>275</sup> CVCE, 'Speech by Hugh Gaitskell against UK membership of the Common Market (3 October 1962)' Available at: [https://www.cvce.eu/content/publication/1999/1/1/05f2996b-000b-4576-8b42-8069033a16f9/publishable\\_en.pdf](https://www.cvce.eu/content/publication/1999/1/1/05f2996b-000b-4576-8b42-8069033a16f9/publishable_en.pdf) [accessed: 29/9/2020].

<sup>276</sup> Hugo Young, *This Blessed Plot: Britain and Europe From Churchill to Blair* (Basingstoke: Macmillan, 1998), p.183.

<sup>277</sup> *Ibid.*, p.182.

<sup>278</sup> 'Britain imposes 15% import tax to back pound,' *The New York Times*, 27 October 1964, p.1.

<sup>279</sup> Young, *This Blessed Plot*, p.183.

establishing relations with the Six, emphasising the fact that the liberalisation of the Spanish economy had been undertaken in a way which was compatible with the Treaty of Rome.<sup>280</sup> There was no longer any explicit mention of association status though, reflecting a realisation that it was politically fraught, instead the Spanish government asked for an opportunity to initiate conversations, on a purely technical level, on the economic impact of the EEC on Spain's economy. Tellingly, this renewed approach to the EEC was not even reported in the Spanish press for fear it would reveal a downgrading of the much trumpeted ambition for association status.<sup>281</sup> The response when it arrived in the spring of 1964 was lukewarm at best. Italy and the Benelux nations were opposed to Spain's association on political grounds, confirming the doctrine established in the European Parliament's Birkelbach Report which stated that only democratic states could entertain hopes of membership, while the French and German governments appeared more open to talks, as long as they were confined to commercial matters. Finally, in June 1964 the Belgian Foreign Minister Paul-Henri Spaak told Castiella that the Commission had been authorised to initiate conversations with the Spanish government. Formal discussions got underway in December 1964, but almost as soon as they had started, they were interrupted by the 'empty chair' crisis, when De Gaulle withdrew all cooperation from the EEC in a dispute over majority voting.<sup>282</sup> The crisis brought the entire European project to a standstill and was not resolved until January 1966, leaving Spain, once again, watching and waiting from the sidelines. It was during this interim period, with Wilson's first Labour administration (1964-66) showing no interest in reviving the European option, and Spain's

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<sup>280</sup> MacLennan, *Spain and European Integration*, p. 74

<sup>281</sup> *Ibid.*, pp. 74-75.

<sup>282</sup> *Ibid.*, p.76.



application '*parado*', that the Gibraltar question came to dominate relations between the two countries, becoming '*el eje de la diplomacia española*'.<sup>283</sup>

### **3.3 Gibraltar: from united front to the rise of integrationism (1963-1967)**

In September 1963, two of Gibraltar's elected representatives, Sir Joshua Hassan and Peter Isola, took to their feet to speak on behalf of their people in an international forum for the first time. Returning from the UN Committee of 24 in New York, the pair were paraded through the streets of Gibraltar in the back of an open-top jeep. A lot has been written about this turbulent period in Gibraltar's history, but it is clear that the existential threat posed by Spain's decision to use the decolonisation process to advance its territorial claim, proved at first to be a powerful unifying force.<sup>284</sup> Not only did lifelong political opponents unite to present a common front, but for the first time Gibraltarians were forced to articulate their long-term political aspirations. Hassan used his forty-minute speech at the UN to outline what was distinctive about the Gibraltarian way of life:

No community can exist for over 250 years without creating its own individuality, its character, its personality. Gibraltar has achieved its own culture in the widest sense of the word. It has drawn for this culture from many sources, but naturally the two main sources have been Britain, for political, and Spain, for geographical reasons, and Italy where the bulk of the civilian population originated...It is precisely because our culture is

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<sup>283</sup> ['stationary'] ['the axis of Spanish diplomacy']

Rosa Pardo Sanz, 'La política exterior del franquismo: aislamiento y alineación internacional' in Roque Moreno Fonseret y Francisco Sevillano Calero (eds.) *El Franquismo. Visiones y balances* (Publicaciones de la Universidad de Alicante. Edición electrónica: Espagrafic, 1999), pp. 176-228 (p.209).

<sup>284</sup> Garcia, *The Making of a People*, p. 133.

eclectic that it has become individual, and it is precisely because it is individual that we do not desire to allow Gibraltar to be swallowed up by Spain, Britain or anybody else.<sup>285</sup>

For Isola, it was simple: 'Gibraltar belongs to the people of Gibraltar and no one else'. What Gibraltarians feared, above all else, was 'the future of our people' being discussed 'without our consent, without our knowledge and without our participation — bilaterally between the United Kingdom and Spain'.<sup>286</sup> The experience of the previous six years, in which Gibraltarians had watched the UK pursue a policy of friendship towards Spain without any apparent improvement in Spain's attitude towards Gibraltar, weighed heavily on Gibraltar's political leaders. The speeches at the UN prompted a virulent anti-Gibraltarian campaign in the Spanish press. The Rock was referred to as 'a refuge of spies, perverts, decaying prostitutes and soldiers ambitious for promotion' and racist references were made to 'Indians' with their 'money-bags' and rootless 'Hebrews'.<sup>287</sup> The Franco regime tried to cast the population as 'pseudo-Gibraltarians', a people 'without a national soul', whose claim to self-determination was 'fallacious'.<sup>288</sup> Gibraltar responded by re-doubling its efforts to secure internal self-government, and constitutional talks were held in April 1964 resulting in a new constitution, modelled on a Westminster-style ministerial system. Meanwhile the Legislative Council drew up a booklet, 'The Future of Gibraltar', which was endorsed by every candidate at the September 1964 election, and called for

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<sup>285</sup> 'No 87. Sir J. Hassan before the Committee of Twenty-Four, 19 September 1963', in *Documents on Gibraltar* (Madrid: Sucesores de Rivadeneyra, 1965), pp. 351-360.

<sup>286</sup> 'No. 88 Mr Isola before the Committee of Twenty-Four, 19 September 1963', in *Documents on Gibraltar* (Madrid: Sucesores de Rivadeneyra, 1965), pp. 362-363.

<sup>287</sup> 'No. 100. Intervention of the Petitioner from the Town of Gibraltar, Mr Isola, before the Committee of Twenty-Four,' 23 September 1964', in *Documents on Gibraltar* (Madrid: Sucesores de Rivadeneyra, 1965), pp. 433-434.

<sup>288</sup> No. 102. Intervention of the Representative of Spain, Sr. Piniés, before the Committee of Twenty-Four,' 24 September 1964', in *Documents on Gibraltar* (Madrid: Sucesores de Rivadeneyra, 1965), pp. 454-469.

‘full internal self-government in a free association with Britain’.<sup>289</sup> This was the most explicit, public statement of Gibraltar’s political aspirations ever made, and as Hassan told the UN in September 1964, all of Gibraltar’s elected representatives backed the idea of free association — one of three routes by which colonies could be formally decolonised in accordance with UN resolution 1541 (XV). But the united front built by Hassan and his colleagues was about to be put to the test.

From October 1964, shortly after the Labour Party took office, and Hassan and Isola made their second appearance at the UN, the Spanish government began to turn the screw at the frontier. Over the next six months, a series of new restrictions were put in place including an almost complete curtailment of Spanish exports to the Rock; lengthy delays for tourists crossing the frontier; the expulsion of hundreds of British subjects living in the *Campo de Gibraltar*; and the non-recognition of British passports issued on behalf of the Government of Gibraltar. Almost overnight, tourists who had previously used Gibraltar as a gateway to the *Costa del Sol* switched to Málaga airport, unwilling to put up with hours of delay at the frontier. The same was true for ferry passengers from Tangier. Meanwhile visitors travelling in the opposite direction, from Spain to Gibraltar, halved, and import duties fell by 40 per cent.<sup>290</sup> At the end of June 1965 the Financial Secretary was forced to introduce an emergency budget to plug the growing gap. A fortnight later, amid a growing sense of crisis, all eleven elected members of Gibraltar’s legislature agreed to come together and form a governing coalition. The opposition leader Peter Isola became Hassan’s Deputy Chief Minister. Announcing the formation of the coalition, Hassan said he was confident the people of Gibraltar shared this ‘spirit of unity’.<sup>291</sup> However, the formation

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<sup>289</sup> Quoted in Keith Azopardi, *Sovereignty and the stateless nation: Gibraltar in the modern legal context* (Oxford: Hart Publishing, 2009), pp.59-60.

<sup>290</sup> TNA CO 926/1971, Spanish frontier restrictions and economic effects, 1965.

<sup>291</sup> 'Govt. and P.I.M exchange views', *Vox*, 15 April 1966, p.18.

of the coalition could not disguise the fact that differences were already emerging, as a growing section of the population was beginning to turn their anger on Britain for its failure to respond to the Spanish tactics. A protest at the frontier in July 1965 turned ugly when three British naval officers were seen crossing the border in their polo gear for a match in Spain and were greeted by cries of 'Quisling!' and 'Traitors!' <sup>292</sup> Shortly after joining forces, Hassan and Isola travelled to London to brief the Prime Minister on the developing situation. The Chief Minister did not beat around the bush, telling Wilson 'pressure was mounting on politicians such as himself' because of the UK government's inaction. If matters did not improve, Britain might have to revert to 'Governor's Rule' and 'such a situation in the heart of Europe would be very difficult to justify'. <sup>293</sup> Wilson told the Gibraltar delegation it would be better to look for signs of a more positive attitude from Spain than adopting retaliatory measures. In fact his cabinet had already looked at, and rejected, the whole question of retaliatory action. British exports to Spain had risen three-fold from £23.7million in 1959 to £74.2million in 1964 and in the same year a million British tourists visited Spain, a quarter of all British holidaymakers abroad.<sup>294</sup> The Foreign Secretary, Michael Stewart, informed colleagues that 'our policy should be to try as far as possible to treat the question of Gibraltar in isolation' and to 'avoid reprisals which may well damage British interests'. <sup>295</sup> The Prime Minister agreed an 'economic war' with Spain should be avoided.<sup>296</sup> When the British journalist Hugh Kay visited the Rock in the spring of 1965 and asked Gibraltarians what they thought might be done to ease the situation, he was told that while Gibraltar would never accept the Spanish flag, 'Britain could offer to

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<sup>292</sup> 'Quislings! Quislings!' *El Calpense*, 3 July 1965, p.1.

<sup>293</sup> TNA PREM 13/346, Meeting between Hassan and Isola and Prime Minister, 23 July 1965.

<sup>294</sup> TNA CAB 129/120/18, Memo from Foreign Secretary, 7 February 1965.

<sup>295</sup> *Ibid.*

<sup>296</sup> TNA CAB 195/25/2, Sir Burke Trend Notebook: Cabinet Minutes, CC(65) 7th Conclusions - CC(65) 63rd Conclusions, 8 February 1965.

Spain an invaluable recompense for this by working to bring her into...EFTA or some other European grouping'.<sup>297</sup> However by this stage Britain's unwillingness to take action was matched by what Gibraltar's Colonial Secretary referred to as an 'absence of effective means'.<sup>298</sup> A whole range of options were looked into, including 'Action Against Spain's International Position', which might take the form of 'opposing Spain's interests in international organisations which she either belongs to or may wish to join'. But the conclusion was reached that 'no obvious opportunities for such action are apparent at present'.<sup>299</sup> Unlike the earlier period of Anglo-Spanish rapprochement, when Spain had needed British support for entry into the OEEC, and had flirted with the idea of joining EFTA, by the middle of 1965, there were few such opportunities for leverage. Both countries were locked out of the EEC, while Spain was already a full UN member and using its position there to build support for its claim to Gibraltar. When Hassan met Wilson again later that year he warned that if the restrictions were not removed soon, there was a danger the 'people would become frustrated' and seek 'extremist solutions'.<sup>300</sup> He was well aware there was a new political force on the Rock, a movement which dismissed Hassan's idea of free association and looked instead to one of the other options for decolonisation — integration.

The movement which would eventually end Hassan's long run in office and launch the careers of two future chief ministers began fairly inauspiciously in a small bar off Main Street. Joe Bossano, a 25-year old former merchant seaman and a group of friends got

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<sup>297</sup> Hugh Kay, 'Solutions for Gibraltar', *BBC External Service*, 7 April 1965.

<sup>298</sup> TNA CO 926/197, Bates to Eastwood, 20 August 1965.

<sup>299</sup> TNA CAB 129/120-18, Measures which might be taken against Spain in retaliation for her restrictions against Gibraltar and their likely consequences, 7 February 1965.

<sup>300</sup> TNA CO 926/2083, Record of a meeting between the Prime Minister and the Chief Minister of Gibraltar at Government House, 31 October 1965.

together in the spring of 1965 to discuss an opinion piece by Hector Licudi in the Gibraltar newspaper *Vox* headlined: 'And why not integration?'<sup>301</sup> Bossano had tracked down a copy of the integration proposals considered by the British government and the Maltese leader, Dom Mintoff, in the 1950s. The plan had been approved in a 1956 referendum but had eventually floundered on Maltese demands for economic equivalence. Although the Hassan-led coalition had confidently told the world 'free association' was the route to decolonisation favoured by all Gibraltarians, there was now a group advocating a completely different route — full economic and political integration with the UK. Not long after the Pro-Integration Movement (PIM) was formed in May 1965, the movement's secretary Joe Bossano wrote a letter to *The Times*, responding to Sol Seruya's suggestion that 'common European sovereignty will apply when Britain, Spain and Gibraltar become part of a united Europe'.<sup>302</sup> Bossano wrote: 'I can think of no better way of commencing European unity than by integrating Britain with Gibraltar'. Unlike Seruya, who viewed moves towards European integration as an opportunity for closer co-operation with Spain, Bossano thought Gibraltar should never become too dependent on Spain which remained in his view 'the most backward and reactionary nation in Europe'.<sup>303</sup> The political challenge presented by the movement went beyond the constitutional question. The PIM recruited a former major in the Gibraltar Defence Force, Robert 'Bob' Peliza, as leader. Peliza, who had briefly served on the City Council for the AACR in 1945, was concerned that politics in Gibraltar had become the preserve of a 'ruling class of self-employed lawyers' while the 'best educated people in Gibraltar', the civil servants and teachers, were prevented from standing for office.<sup>304</sup> It was from this latter group and from lower wage

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<sup>301</sup> Paul Mousset, 'Gibraltar Devant 'Le Mur de L'Ail'', *Revue Des Deux Mondes (1829-1971)*, 1966, pp. 190–204 (p. 200)

<sup>302</sup> Sol Seruya, 'Anglo-Spanish relations: Constructive basis for talks', *The Times*, 3 April 1965, p.9.

<sup>303</sup> Joe Bossano, 'Gibraltar,' *The Times*, 12 May 1965, p.13.

<sup>304</sup> TNA CO 926/2092, Meeting between Stonehouse and Peliza, 13 July 1966.

earners, that the new movement garnered support and its vision for Gibraltar was quite different to the low-tax, tourist-driven economy envisaged by the AACR. Initially the new group struggled to make an impact. The Special Branch reported in December 1965 that poor attendance at two PIM meetings were a sign of the 'noticeable indifference shown by the people of Gibraltar'.<sup>305</sup> All that changed in February 1966, when the British government unexpectedly announced it would enter into talks with Spain over the future of Gibraltar. For fourteen months the Labour government had publicly declared that it would never begin talks under duress, still less discuss the crucial issue of sovereignty. But under increasing pressure at the UN, which in December 1965 passed Resolution 2070 (XX) calling on Britain and Spain to begin talks 'without delay',<sup>306</sup> and from Castiella who unveiled his hefty 'Red Book' of documents supporting the Spanish case to the *Cortes* in the same month, the British government concluded it was 'in our best interests' to agree to talks.<sup>307</sup> The news hit the Rock like a bombshell. Hassan and Isola, who had been called into the Governor's office to be told personally, were compelled to put their views on record in the strongest possible terms. The decision to hold talks under duress 'was an astonishing volte face' on the part of the British government they said, breaking a 'solemn pledge' given to the people of Gibraltar and repeated on numerous occasions in Parliament, at the UN, and in the government's own White Paper, published in April 1965.<sup>308</sup> The 'shock, sorrow and disappointment' they felt was compounded by the fact that neither of them were consulted before the decision was taken. Appealing directly to the Prime Minister, they said:

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<sup>305</sup> TNA CO 926/2092, Extract from Gibraltar Intelligence Summary no.11, 6 January 1966.

<sup>306</sup> United Nations, *Resolutions adopted on the reports of the Fourth Committee*, Available at: [https://undocs.org/en/A/RES/2070\(XX\)](https://undocs.org/en/A/RES/2070(XX)) [accessed: 29/9/20].

<sup>307</sup> TNA PREM 13/937, Foreign Office to Madrid, 14 February 1966.

<sup>308</sup> TNA PREM 13/937, Lathbury to Secretary of State, 16 February 1966.

We...are determined so far as it is within our power, neither to submit to foreign domination nor to go into exile. These are the only eventual alternatives which will result from continuing a policy of appeasement.<sup>309</sup>

It is difficult to convey the strength of feeling which this decision provoked, but what is clear is that the pervasive sense of unease which hung over the Rock like a levanter cloud super-charged support for the PIM which within a couple of months claimed more than 5,000 supporters, a third of the electorate. Hassan, while recognising this anger, continued to believe he had no alternative to putting his faith in Britain, but by holding his tongue, he ensured the principal beneficiaries of this growing public anger were the PIM. The formation of the 'Grand Coalition' and its apparent unity on this crucial issue, meant that the PIM, still officially a pressure group, was transformed into the main opposition. With no general election due until 1969, however, its campaign took the form of leaflets, petitions, and letters. In February 1967, less than two years after it was founded, a new political party, the Integration With Britain Party (IWBP), was formed with Peliza as leader and Bossano as party secretary. The new party did not have to wait long for a chance to test its electoral appeal. When Mary Chiappe, the AACR's Minister of Education, unexpectedly resigned, Peliza jumped at the chance to stand in the subsequent by-election, which would be a straight fight between the IWBP leader and the AACR candidate, veteran trade unionist Emilio Alvarez. Feeling the pressure, Hassan chose to make the by-election a matter of confidence, telling the electorate that if Peliza was elected, he would resign as Chief Minister.<sup>310</sup> With Anglo-Spanish talks on the future of Gibraltar taking place in the background, along with a further hardening of the frontier restrictions, the election took place in a near-feverish atmosphere. Peliza, the younger man by 15 years, toured

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<sup>309</sup> TNA PREM 13/937, Lathbury to Secretary of State, 16 February 1966.

<sup>310</sup> Salvador López de la Torre, 'Las elecciones parciales constituyen un plebiscito sobre la política de Sir Joshua Hassan', *ABC*, 24 May 1967, pp. 69-70.



Gibraltar in a friend's car with a loudspeaker attached to the roof, expounding a vision of the future in which Gibraltarians were no longer regarded as second class citizens but equal in status to citizens of the metropolitan country. In the end, Peliza narrowly lost out to the AACR candidate by just 145 votes, but by now it was clear that Gibraltar had two viable political parties, with two competing visions of the future, who would battle it out at the next election. Constitutionally, the choice would be between free association and integration with Britain, economically it would be between a low-tax, investor and tourist-led economy, and one which sought to lift wages, social services and living standards to British levels, and politically it would be between Hassan's long-established party, and the upstart newcomers. All of this really mattered, not least because Wilson had now decided that Britain's future did lie with Europe after all.

### **3.4 Wilson's turn to Europe (1966-1967)**

Although there is debate over the exact timing of Wilson's 'conversion' to Europe, ahead of the 1966 election the Prime Minister indicated that the UK could revive its application for EEC membership 'given a fair wind'.<sup>311</sup> Labour's thumping victory in March 1966, in which it secured a 98-seat majority, would undoubtedly make things easier should he take the plunge. Meanwhile, opinion within Whitehall and especially at the Foreign Office, was beginning to swing decisively behind the EEC option. By March 1966 four new committees had been established to investigate Britain's relations with Europe, including one chaired by Sir Eric Roll, a key member of Macmillan's Brussels negotiating team. Wilson's new private secretary was an ex-Foreign Office official called Michael Palliser, who also happened to be Paul-Henri Spaak's son-in-law. But although much has been made of Whitehall's 'elite regiment' of pro-Europeans and their influence on policy in this period, the

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<sup>311</sup> N.J. Crowson, *Britain and Europe: A political history since 1918* (Abingdon: Routledge, 2011), p.91.

primary factor in Wilson's conversion appears to have been a lack of viable alternatives, brutally underlined by another sterling crisis in July 1966.<sup>312</sup> Although Wilson was 'by temperament a Commonwealth man', by 1966 there had been a 'rending' of the political and economic ties with the Commonwealth.<sup>313</sup> This was exemplified by the continuous headaches caused by Rhodesia, where the white minority unilaterally declared independence in November 1965, and Britain was under increasing pressure to intervene. Nor had Commonwealth countries been much help when it came to Gibraltar, as Wilson complained in March 1967:

the Commonwealth showed little disposition to help Britain or to play a constructive part, for example, at the United Nations. Gibraltar was an eloquent example of this. The largely Afro-Asian United Nations Committee of 24 on which the Afro-Asian members of the Commonwealth should be able, if they chose to exert considerable influence was in practice supporting fascist Spain in pursuing policies directly contrary to the wishes of the inhabitants of Gibraltar. <sup>314</sup>

Economically too, the ground was shifting. British exports to the Commonwealth had halved since 1955, while exports to the six founding members of the EEC had doubled. <sup>315</sup> The Commonwealth nations themselves were busy forming regional groupings or seeking association agreements with the EEC. If reliance on the Commonwealth no longer seemed

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<sup>312</sup> Young, *This Blessed Plot*, p.180.

<sup>313</sup> *Ibid.*, p.187.

<sup>314</sup> No. 267, PREM 13/1367, Record by A M Palliser of a meeting at Downing Street between Mr Wilson and A C Smith, 5 Apr 1967 in *British Documents at the End of Empire Project*, Series A, Vol 5, East of Suez and the Commonwealth, 1964-1971 ed. by S.R. Ashton and Wm. Roger Louis, (London: The Stationery Office, 2004) p. 416.

<sup>315</sup> Anne Deighton, 'The Labour Party, Public Opinion and 'the Second Try'', in *Harold Wilson and European Integration: Britain's Second Application to join the EEC*, ed. by Oliver J. Daddow (London: Frank Cass, 2003), pp. 39-55 (p. 42).

a viable option, Britain's special relationship with the United States had also come under strain as a result of Wilson's refusal to help in Vietnam. When President Lyndon B. Johnson had complained, Wilson retorted that the US had not done enough to restrain Spain over Gibraltar where 'a lot of bloody fascists are treating our people abominably'.<sup>316</sup> Other alternatives such as the creation of an Atlantic Free Trade Area; a revival of EFTA; an Article 238 association agreement with the EEC; or simply going-it-alone were all examined and rejected for being, in Wilson's words, 'second best'.<sup>317</sup> In November 1966, Wilson told the House of Commons that the time was right for a new 'high level approach' to the EEC, and in the first few months of 1967 Wilson and his pro-European Foreign Secretary, George Brown, embarked on a tour of EEC capitals where they sought to play down the conditions of British entry.<sup>318</sup> Despite the fact many Labour MPs remained opposed to the idea, Wilson secured the agreement of his cabinet at the end of April 1967 and a few days later announced Britain's intention to apply for EEC membership. After three days of parliamentary debate, the move was backed by 488 votes to 62.

While Britain appeared to be turning decisively towards Europe once again, Spain's progress was proving painfully slow. During the six months of the 'empty chair' crisis, Spanish negotiators had little to do but engage in 'intellectual exercises' aimed at devising a solution to the basic problem: economically Spain could not afford to be left out, especially as the EEC was making progress towards a Common Agricultural Policy (CAP), but politically, given the nature of the Franco regime, membership or even association with the Six, looked all but impossible.<sup>319</sup> The new Spanish ambassador to the EEC, Alberto

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<sup>316</sup> Harold Wilson, *The Labour Government 1964-70: A Personal Record* (London: Weidenfeld and Nicolson, 1971), p.80.

<sup>317</sup> Crowson, *Britain and Europe*, p.92.

<sup>318</sup> Deighton, 'The Labour Party, Public Opinion and 'the Second Try'', p.45.

<sup>319</sup> Antonio Alonso, *España en el Mercado Común: Del acuerdo del 70 a la Comunidad de Doce* (Madrid: Espasa-Calpe, 1985), p. 26.

Ullastres, tried to persuade Castiella it would be better to give up the idea of association and to try and secure a much looser preferential trade agreement, which carried none of the political implications of association. It was only by pursuing this route that Spain could hope to start conversations with the EEC and at least 'give the impression' that the Franco regime had a receptive audience in Europe.<sup>320</sup> Castiella was reluctant to accept this downgrading of Spain's European ambitions, but eventually realised he had no choice. Conversations with the EEC resumed in 1966 and in July 1967, the Commission was granted a mandate for negotiations with Spain. In the meantime, Britain had formally lodged its application for membership in Brussels, followed by Ireland, Denmark, and later Norway. Spain was once again in Britain's slipstream, and while it was clear that the journey ahead would be far from straightforward, the direction of travel at least appeared to be the same.

### **3.5 Gibraltar and the UK's second application (1967)**

Enthusiasm for a 'European solution' to the international dispute over Gibraltar seems to have gained ground at the same time that integrationism was emerging as a political force. This was no coincidence. As we will see, the integrationists themselves linked Gibraltar's integration with Britain to the integration of both with Europe in the belief that this would bind Gibraltar closer to Britain and bypass the UK's increasingly restrictive immigration regime. It was also believed that the events at the UN, where arguments had raged over the exact wording of an eighteenth century treaty, were increasingly anachronistic in the context of the post-war drive towards European unity. The Conservative MP, Sir Frederick Bennett, an early parliamentary champion of the integrationists, told the House of Commons:

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<sup>320</sup> Alonso, *España en el Mercado Común*, p.27.

one sees the whole of Europe moving towards a closer link, whether within the Six or the Seven, or within an even wider entity. It is a little immature for European nations to indulge in this sterile argument about whether this or that sovereignty dates from the Treaty of Utrecht.<sup>321</sup>

It was a view echoed by *The Economist*, which looked ahead to a time when ‘two great European countries’ were ‘no longer separated by antagonistic interests’ but together in the Common Market. This would surely provide ‘a new perspective to this small community’ of Gibraltar.<sup>322</sup> It was not, it has to be said, a thesis that carried much weight in Spain. As the *ABC* correspondent Salvador López de la Torre put it, none of the moves towards European unity negated the need ‘to solve the colonial problem of Gibraltar’ which could only be done ‘within the rules of decolonisation’.<sup>323</sup> Ironically, this was precisely what Gibraltar’s integrationists believed their preferred option could achieve. As Peliza explained to a constitutional committee in April 1966, one of the central aims of integration was ‘that the status of the Gibraltarian cease to be colonial’.<sup>324</sup> The Commonwealth Immigration Act 1962 had created a divide between those Citizens of the United Kingdom and Colonies (CUKC) born in the UK or Crown Dependencies, who remained free of immigration control, and those born overseas, including Gibraltarians, who had their right of entry into the UK linked to eligibility for an employment voucher. Integration with the UK

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<sup>321</sup> ‘No.135 Speeches in the House of Commons, 4 August 1965’, in *Documents on Gibraltar* (Madrid: Sucesores de Rivadeneyra, 1965), p. 565.

<sup>322</sup> Salvador López de la Torre, ‘Algunos sectores de la opinión Británica anticipan diversas fórmulas para resolver el problema de Gibraltar’, *ABC*, 18 August 1966, p.1.

<sup>323</sup> *Ibid.*

<sup>324</sup> TNA CO 926/2092, Minutes of a meeting of the Constitution Committee held at 5pm at the Board Room, Government Secretariat, 19 April 1966.

would remove the 'discrimination' and 'social stigma of being a colonial'.<sup>325</sup> This is where the integrationists' cherished desire for equality of status with metropolitan Britons and their enthusiasm for European integration intersected. It was becoming apparent that not only would integration with Europe remove barriers to free movement across the EEC (meaning, for example, Gibraltarians would no longer require a visa for West Germany) but joining the UK in the EEC would bypass the barriers erected by the 1962 Act to the free movement of Gibraltarians to the UK itself. In June 1967, just weeks after Britain's application to the EEC was lodged in Brussels, this was the theme of an article in the Gibraltar newspaper, *El Calpense*, by Major Alfred Gache, who would go on to serve as a minister in the IWBP-led government.

it is a well known fact that the community stands for free movement between member states and it would be a farcical situation if we Gibraltarians had to wait to have the right of entry into the United Kingdom not as citizens of the United Kingdom and Colonies, but through the application of the Treaty of Rome.<sup>326</sup>

This aspect was also beginning to dawn on policymakers in Whitehall as they prepared to review the negotiating brief for Gibraltar ahead of the UK's application. 'Serious consideration', warned one official, would have to be given to the implications of the earlier proposal that Gibraltar should ultimately become an integral part of the EEC, 'particularly from the political point of view, i.e if we do not want to encourage the request for integration with Britain'.<sup>327</sup> Aware that Peliza's integrationists were a growing force in

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<sup>325</sup> TNA CO 926/2092, Minutes of a meeting of the Constitution Committee held at 5pm at the Board Room, Government Secretariat, 19 April 1966.

<sup>326</sup> Major A.J. L. Gache, 'Gibraltar and the Common Market', *Gibraltar Chronicle*, 3 June 1967, p.1.

<sup>327</sup> TNA FCO 42/206, Staveley to Cumming-Bruce, 26 Sept 1967.

Gibraltar, when the IWBP leader wrote to Sir Arthur Goldsworthy, the Deputy Under Secretary of State at the Commonwealth Office, requesting further information on Gibraltar's position in the event of Britain joining the Common Market, one official warned 'it would be wise to omit all reference' to the free movement of labour because of 'the use which Major Peliza would make of it for internal political reasons'.<sup>328</sup>

When negotiations had broken down in 1963, Britain had just tabled its proposals for Gibraltar. This was, broadly speaking, that Gibraltar wished to join the EEC under Article 227 (4) of the Treaty of Rome but that there should be an interim period to allow Gibraltar to adapt its free port arrangements to Community requirements. The Six had not responded when De Gaulle issued his veto, but at the outset of Britain's second try in May 1967, the Secretary of State for the Commonwealth Office wrote to Gibraltar's Governor, Sir Gerald Lathbury, to ask whether similar arrangements, if negotiable, would be appropriate this time around. Lathbury, a lanky, bird-watching soldier who had arrived in Gibraltar in the summer of 1965, thought the position was generally 'the same as at the time of the previous negotiations'.<sup>329</sup> This typically laconic response glossed over the increasing difficulties with Spain and the rise of the integrationist movement in the intervening years. Economically, however, the same considerations did apply. Drafting a new negotiating brief for Gibraltar in August 1967, Mr Morrice from the Commonwealth Office's Common Market Department, rehearsed the arguments. 'On economic grounds', he wrote, 'there are no clear-cut arguments for Gibraltar joining the EEC, or remaining completely outside'.<sup>330</sup> Full membership might disrupt Gibraltar's free port arrangements and have far-reaching implications for an economy still heavily reliant on the entrepôt trade

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<sup>328</sup> TNA FCO 42/206, Memo from Mr. Balister, 7 December 1967.

<sup>329</sup> TNA FCO 42/206, Lathbury to Secretary of State, 10 May 1967.

<sup>330</sup> TNA FCO 20/83, Morrice to Audland: 'Draft Negotiating Brief for Gibraltar', 16 August 1967.

and duty free sales to tourists. Furthermore, since Gibraltar 'has no agriculture and virtually no industry to protect' it would be forced into allowing the free entry of goods from the EEC without receiving any benefits in return. The result was likely to be a significant rise in the cost of living. It was largely then on 'political grounds' that the Gibraltar Government had decided it wished to join the EEC and in particular its desire 'to remain closely associated with Britain'. That remained the objective at the outset of the second application, despite the potential difficulties of seeking derogations 'which might be unacceptable to the Six'.<sup>331</sup> However, there was no consensus on this basic point. The Colonial Office's Mr Selwyn, who had visited Gibraltar two years previously to assess the territory's economic prospects, was 'far from convinced' the line being taken was 'the right one'. He thought the advantages of membership were 'extremely slender' while the costs would be 'pretty substantial'. In his view it made more sense to 'go for something else at the outset' such as a 'Moroccan protocol arrangement'.<sup>332</sup> The problem with Selwyn's argument was not the economic analysis on which it rested, but the fact that, as Morrice pointed out, it implied 'we pay no heed to the Gibraltar Government's desire to follow us into the Community'.<sup>333</sup> Putting economic considerations aside, there were several political factors which needed to be taken into account, starting with the wishes of the Gibraltarians themselves. The Gibraltar Government had favoured becoming part of the enlarged community in 1961-63 and wished to take the same position this time:

for us now to disregard the Gibraltarians' wishes to remain close to the metropolitan country by following her into the Community, would attract

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<sup>331</sup> TNA FCO 20/83, Morrice to Audland: 'Draft Negotiating Brief for Gibraltar', 16 August 1967.

<sup>332</sup> TNA FCO 20/83, Selwyn to Audland, 22 August 1967.

<sup>333</sup> TNA FCO 20/83, Morrice to Smith, 5 October 1967.



hostile attention both at home and abroad and unfavourable reactions in Gibraltar itself.<sup>334</sup>

If a decision was taken to move away from the original position, then 'we must surely consult the Gibraltarians very closely'. Above all, 'we cannot be seen to be casting off what must be the most loyal, albeit the smallest, jewel in the British Crown'.<sup>335</sup> Spain's abrasive tactics in the years since the UK's first application had only reinforced the desire of Gibraltarians 'to remain closely linked to Britain' and avoid the 'danger that they will be handed over to their neighbour'.<sup>336</sup> Added to this was now an entirely new factor, the desire of some Gibraltarians to 'integrate completely with the UK' and win 'the right of free access to Britain'. Although this was at present a motivating factor for 'only a proportion of the people'<sup>337</sup> there was little doubt that the prospect of free entry to the UK would be 'a welcome privilege' which Gibraltarians did not 'enjoy at present under the Commonwealth Immigration Act'.<sup>338</sup>

As well as these internal political factors, there were external political factors which would have to be taken into account, principally the sharp deterioration in Anglo-Spanish relations since 1963 and the effect this might have on the EEC's willingness to negotiate a deal for Gibraltar. Between 1963 and 1967 there had been 'a considerable change in the international political atmosphere surrounding Gibraltar' as a result of Spain's demands at the UN and this had 'severely strained' Anglo-Spanish relations.<sup>339</sup> In September 1967, as

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<sup>334</sup> TNA FCO 20/83, Morrice to Smith, 5 October 1967.

<sup>335</sup> Ibid.

<sup>336</sup> TNA FCO 20/83, Morrice to Audland: 'Draft Negotiating Brief for Gibraltar', 16 August 1967.

<sup>337</sup> TNA FCO 42/206, Memo from Mr Balister, 1 January 1968.

<sup>338</sup> TNA FCO 20/83, Morrice to Audland, 16 August 1967.

<sup>339</sup> TNA FCO 20/83, Morrice to Fitzherbert 'Gibraltar and the EEC', 18 September 1967.

negotiations were getting under way, the Commission had been authorised to open talks with Spain aimed at reaching an agreement on future trading arrangements. It would therefore be necessary to 'take account of the views of the Six on the question of the Anglo-Spanish dispute over the territory' and any bearing this might have on the UK's own negotiations.<sup>340</sup> Once again, Mr Selwyn was sceptical. It was 'highly improbable' that the EEC would accept Gibraltar as a full member, as they would 'implicitly be taking sides in the dispute'.<sup>341</sup> John Bennett, head of the Gibraltar and South Atlantic Department (GSAD), agreed, pointing out that associating Gibraltar with the EEC under Britain's auspices would be akin to asking the EEC to accept Gibraltar 'is and should remain British'. The 'whole subject,' he warned, 'bristles with political problems'.<sup>342</sup> Of course it was precisely this European-level recognition of their British status which held such appeal for many Gibraltarians, whose initial experiences in international fora had been disappointing. Another official warned that it would be wrong to expect the British Government 'to spend much of their limited negotiating power for the benefit of Gibraltar' when the Six were unlikely to be 'very sympathetic'.<sup>343</sup> This sense of pessimism was tempered by at least one potentially tricky area which seemed to have improved since Britain's first application: smuggling. Although officials still bemoaned a 'dearth of hard facts on Gibraltar' particularly when it came to trade statistics,<sup>344</sup> a consequence of the high proportion of 'unrecorded' trade on the Rock<sup>345</sup>, there was also recognition that the situation had improved:

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<sup>340</sup> TNA FCO 20/83, Morrice to Fitzherbert 'Gibraltar and the EEC', 18 September 1967.

<sup>341</sup> TNA FCO 20/83, Selwyn to Audland, 22 August 1967.

<sup>342</sup> TNA FCO 42/206, Memo from J. S. Bennett, 10 January 1968.

<sup>343</sup> TNA FCO 20/83, Shannon to Selwyn, 14 December 1967.

<sup>344</sup> TNA FCO 20/83, Draft Negotiating Brief, 18 August 1967.

<sup>345</sup> TNA FCO 20/83, Morrice to Smith, 5 October 1967.

During the last negotiations it was thought that since the French and Italian customs were becoming increasingly annoyed at smuggling activities as organised from Gibraltar, certain elements in the Six might be inspired to make a fuss about Gibraltar's free port position. It appears however that these illegal activities have been successfully curbed by the Gibraltar Government and so presumably there is no danger that this point will be raised by the Six in future negotiations.<sup>346</sup>

Although the Gibraltar Government was credited with curbing illegal smuggling, it was acknowledged elsewhere that the decline might be due to 'recent Spanish restrictions'.<sup>347</sup> Either way, official figures when they were finally located showed that by 1966 tobacco exports from the Rock had dropped to below a fifth of the level in 1964.<sup>348</sup> Smuggling, at least, seemed unlikely to be a bone of contention with the Six this time.

When the Foreign Office was asked for its views on the likely attitude of the Six to the Anglo-Spanish dispute over Gibraltar, it was reported that they had 'shown little interest in the problem'.<sup>349</sup> In the UN debate at the end of 1967, France and the Benelux countries abstained on the pro-Spanish resolution, but Italy voted with Spain, the first EEC country to do so. Of course, the decision on which path Gibraltar should take would be influenced not just by the willingness of the EEC's existing members to negotiate with the UK but also by the results of the EEC's separate negotiation with Spain. Depending on the outcome of both sets of negotiations, Gibraltar could find itself in the EEC with the UK; on the outside

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<sup>346</sup> TNA FCO 20/83, The Operation of the Free Port System in Gibraltar, 16 August 1967.

<sup>347</sup> TNA FCO 20/83, Additional paragraphs to IV 'Background' (i) 'The Economy, 19 December 1967.

<sup>348</sup> TNA FCO 20/83, Trade statistics, 19 December 1967.

<sup>349</sup> TNA FCO 20/83, Morrice to Smith, 5 October 1967.

with Spain; outside the EEC with the UK, with Spain as an associate member; or eventually perhaps with all three inside the EEC. Admittedly this last possibility remained remote given 'the nature of the regime' in Spain made 'closer relations with the Six difficult'.<sup>350</sup> All these scenarios carried potential complications, including the distant prospect that all three might one day find themselves together in the EEC as this might 'create a greater danger of Gibraltar's absorption by Spain'.<sup>351</sup> The more likely choice was between being inside with Britain or outside with Spain. Attempting to sum up the results of his office's investigation, Alec Cumming-Bruce concluded that while the economic arguments remained 'pretty strong against joining' the 'political arguments' were closely balanced:

For Gibraltar to enter while Spain is outside will have difficult consequences for relations with Spain if at that time these are seeking a detente. For Gibraltar to stay out when Britain enters is likely to arouse political suspicion in Gibraltar.<sup>352</sup>

By this point, however, these discussions had become purely 'hypothetical' as the British government had discovered once again that the door to Europe was closed.<sup>353</sup>

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<sup>350</sup> TNA FCO 20/83, Gibraltar and the EEC, 18 September 1967.

<sup>351</sup> TNA FCO 20/83, Handwritten Memo.

<sup>352</sup> TNA FCO 42/206, Memo from A. Cumming-Bruce, 2 February 1968.

<sup>353</sup> *Ibid.*

### 3.6 The second veto, Spain's 'nationalist turn' and the election of the IWBP

(1967-1969)

It had not taken long for Britain's European ambitions to receive a knock from a familiar source. Days after the House of Commons voted in favour of a new application, De Gaulle called another press conference in which he spoke ominously of the 'destructive upheavals' that would result from Britain entering the Common Market.<sup>354</sup> The British press dubbed it 'the velvet veto' but Wilson was determined to press ahead, telling Parliament 'we do not intend to take no for an answer'.<sup>355</sup> It was a line Gibraltar's integrationist leader, Bob Peliza, borrowed a few months later after the Commonwealth Secretary George Thomson told the Commons the IWBP's integration proposals would face 'formidable difficulties':

We shall find the same difficulty in integrating with Britain as Britain is finding in integrating with the Common Market. We say what Wilson himself said, we shall never take no for an answer.<sup>356</sup>

Nevertheless, the omens were not good. Although Wilson's private secretary insisted the government could win the 'war of nerves' with De Gaulle, it was Britain's own economic malaise that provided the pretext for a second veto.<sup>357</sup> Having resisted the devaluation of sterling for three years, Wilson and his chancellor James Callaghan were finally forced into

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<sup>354</sup> Deighton, 'The Labour Party, Public Opinion and "the 'Second Try"', p.48.

<sup>355</sup> Young, *This Blessed Plot*, p.196.

<sup>356</sup> 'Won't take no for an answer,' *Vox*, 24 October 1967, p.1.

<sup>357</sup> Helen Parr, 'Gone Native: The Foreign Office and Harold Wilson's Policy Towards the EEC, 1964-67,' in *Harold Wilson and European Integration: Britain's Second Application to join the EEC*, ed. by Oliver J. Daddow (London: Frank Cass, 2003) pp. 75-94 (p.87).

a 14.3 per cent reduction in the value of the pound against the dollar on 18 November 1967. The devaluation was the proof De Gaulle needed that Britain's economic weakness was incompatible with membership. Allowing Britain in, De Gaulle announced on the 27 November, would mean 'the destruction of an edifice which has been built at the cost of so much effort and amid so many hopes'.<sup>358</sup> It was all over, barely six months after it had begun. Once again, De Gaulle's actions revealed tensions among the Six, and once again, the whole issue of enlargement was brought to a halt by the unresolved 'British question'.<sup>359</sup> Meanwhile talks aimed at establishing a firm basis for Spain's connection to the EEC had fared little better. Worse, the first mandate agreed by the EEC offered Spain practically nothing at all on agriculture. The first few sessions were so disappointing that the Spanish press began to demand an end to 'asymmetric' negotiations in which 'everything that could interest us is excluded'.<sup>360</sup> In reality, Spain had no choice but to press on, but this 'period of paralysis' would not end until a second, more equitable, mandate was agreed in October 1969,<sup>361</sup> complicated by further cycles of unrest and repression in Spain, particularly in the spring of 1968, which had led some member states to question whether it might not be better to call a halt to the talks altogether. In short, there was little in 1967 to suggest that both countries' moves towards Europe might provide the basis for a rapprochement as it had done in 1961-63. Apart from anything else, the Spanish campaign against Gibraltar had taken on a momentum of its own.

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<sup>358</sup> N.Pier Ludlow, 'A Short-Term Defeat: The Community Institutions and the Second British Application to Join the EEC', in *Harold Wilson and European Integration: Britain's Second Application to join the EEC*, ed. by Oliver J. Daddow (London: Frank Cass, 2003), pp. 135-150 (p. 145).

<sup>359</sup> Ludlow, 'A Short-Term Defeat', p.147.

<sup>360</sup> Salvador López De La Torre, 'Hoy comienzan las conversaciones entre España y el Mercado Común', *ABC*, 7 November 1967.

<sup>361</sup> Misael Arturo López Zapico, 'El acuerdo preferencial de España con la CEE (1970) Evaluado por la administración Norteamericana', *Historia Contemporánea* 50, pp.223-255 (p. 238).

The historian Rosa Pardo Sanz has identified what she calls a '*giro nacionalista*' in Spanish foreign policy in the middle of the 1960s.<sup>362</sup> This was undoubtedly connected to the 'nationalist fervour' accompanying Castiella's campaign for the recovery of Gibraltar, but was also influenced by 'frustration and impatience' with the slowness of the approach to the EEC, as well as a growing appreciation of Spain's strategic value, economic advances and newfound international respectability.<sup>363</sup> Pardo Sanz pinpoints the start of this turn quite precisely to Castiella's speech to the *Cortes* in December 1965, in which he unveiled the 'Red Book' on Gibraltar and hinted for the first time at a possible dealignment with a Western alliance which 'believes it can demand of us all kinds of sacrifices without anything in return'.<sup>364</sup> Shortly after the speech, in January 1966, an accident involving an American B-52 carrying hydrogen bombs close to the Spanish village of Palomares underlined the enormous risks Spain was taking on behalf of its American sponsors. Three days later Spain informed every NATO member they could no longer use Spanish military installations for any journey to or from Gibraltar. It was a sign Spain was willing to play hardball with its Western allies in its campaign to recover the Rock. Meanwhile Anglo-Spanish talks on the future of Gibraltar, which had controversially got underway in May 1966, turned sour very quickly after the British government formally laid claim to the southern half of the 'neutral zone' — a move which Castiella denounced as 'a new act of colonialism as brutal as in the worst times of colonial rapacity'.<sup>365</sup> Later that year, Spain refused Britain's offer to take the legal aspects of the dispute to the International Court of Justice (ICJ). In all, five rounds of Anglo-Spanish talks took place over 22 months with

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<sup>362</sup> ['nationalist turn']

Pardo Sanz, 'Las relaciones hispano-norteamericanas', p.137.

<sup>363</sup> Ibid., p.153.

<sup>364</sup> 'Castiella presentó el Libro Rojo sobre Gibraltar', *ABC*, 21 December 1965, p.54.

<sup>365</sup> TNA FCO 9/499, Castiella speech to Cortes, 3 April 1968.

Spain tightening the screws at the frontier before each of them. In May 1967, the year Spain and Britain renewed their approaches to the EEC, relations deteriorated further when Spain imposed a prohibited air zone around Gibraltar's airport, banning civil and military aircraft from using Spanish air space for take off or landing. Castiella had even suggested the Spanish military float a chain of balloons around the runway to prevent aircraft from approaching but this was a step too far even for Franco.<sup>366</sup> In June 1967, in an attempt to break the impasse, the British government announced that a referendum would be held in Gibraltar on Castiella's May 1966 proposals for the return of Gibraltar to Spanish sovereignty. Amid tumultuous scenes, Gibraltarians besieged the four polling stations set up on the 10 September 1967 to cast ballots on the future of their homeland for the very first time. The result was unambiguous, with a 96.5 per cent turnout, just 44 voters, 0.36 per cent of the electorate, opted for Spanish sovereignty, with 12,138 opting to retain the link with Britain. Despite the presence of Commonwealth election observers, the UN refused to accept the validity of the plebiscite and condemned it in a resolution passed by the General Assembly in December 1967 which called on Britain and Spain to resume negotiations to end 'the colonial situation' in Gibraltar, and appeared to recognise the validity of the Spanish thesis that Gibraltar disrupted Spain's 'territorial integrity'.<sup>367</sup> In hindsight, December 1967 marked the high water mark of Castiella's attempt to take Spanish foreign policy in a new direction. At the beginning of the month he visited De Gaulle in Paris, less than a week after the French president had ended Britain's hopes of EEC membership, and was reportedly 'cock-a-hoop' with the meeting, which he took as validation of his own quasi-Gaullist stance towards the Western alliance.<sup>368</sup> De Gaulle had shaken up the alliance by withdrawing France from NATO's military command structure in

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<sup>366</sup> Manuel Leguineche, *Gibraltar: La roca en el zapato de España* (Barcelona: Planeta, 2002), p. 143.

<sup>367</sup> United Nations, *Resolutions adopted on the reports of the Fourth Committee*, Available at: [https://undocs.org/pdf?symbol=en/A/RES/2353\(XXII\)](https://undocs.org/pdf?symbol=en/A/RES/2353(XXII)) [accessed: 30/9/20].

<sup>368</sup> TNA FCO 9/435, Henderson to Davidson, 7 December 1967.



1966, and with Spain's US base deal due for re-negotiation in 1968, Castiella and his team at the MFA wanted to make it clear that if Spain did not get an improved offer — in the form of a mutual security treaty like that offered to the US's NATO allies, further military aid and support for the Spanish position on Gibraltar — Spain would walk away.<sup>369</sup> At the UN General Assembly later that month, Spanish diplomats won the backing of 73 countries for its resolution on Gibraltar, which an emotional *Caudillo* told the nation was 'the most transcendent triumph in the history of our foreign policy'.<sup>370</sup> However Castiella and Franco underestimated Britain's willingness to ignore the UN, and to press ahead with plans for a new constitution for Gibraltar. Ahead of the referendum, the British government had told Gibraltarians that if they voted to retain the link to Britain, a constitutional conference would be convened to examine proposals for further reform. In May 1968, Gibraltar's coalition government agreed to present a common five-point programme with the IWBP, which included demands for the establishment of an unbreakable link between Gibraltar and the UK; a restatement of Britain's permanent and exclusive sovereignty over the Rock; the transfer of responsibility for Gibraltar's affairs to the Home Office; exemption from the 1962 Commonwealth Immigration Act; and a guarantee there would be no transfer of sovereignty without Gibraltarian consent. Although Hassan sought to portray the programme as the result of cross-party consensus, this was the integrationist platform in all but name.<sup>371</sup> At the constitutional conference which followed in July 1968, the IWBP refused to discuss any aspects of the internal constitution until the 'unbreakable link' had been agreed. Britain eventually gave way and confirmed the new constitution would contain a preamble solemnly declaring that Gibraltar was part of the Crown's dominions and would remain so unless an Act of Parliament provided otherwise, and crucially, that

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<sup>369</sup> Pardo Sanz, 'Las Relaciones Hispano-Norteamericanas', p.166.

<sup>370</sup> 'Demos Gracias Al Todopoderoso Por Aproximarnos A La Hora De La Justa Reparación En La Reivindicación de Gibraltar', *ABC*, 31 December 1967, p.1.

<sup>371</sup> Garcia, *The Making of a People*, p.153

the Gibraltarians would never be handed to another state against their freely and democratically expressed wishes. It was 'the single most important statement made on the sovereignty of Gibraltar since the signature of the Treaty of Utrecht' and in one fell swoop it ended any hopes Castiella still harboured that Britain might be induced to walk away.<sup>372</sup> Britain had effectively handed the Gibraltarians a veto over their future, with huge long-term ramifications. In doing so, Gibraltar's position on the European mainland, its population of predominantly white European extraction, and its vocal supporters in Parliament, surely played a critical role, especially when the same Labour government, at around the same time, was secretly engaged in the forcible removal of a thousand Chagos Islanders from Diego Garcia. The integrationists claimed the credit for securing the preamble and looked ahead to the first election under the new constitution in July 1969. It would be a clash between Hassan's AACR, which continued to espouse free association, and the IWBP, which advocated integration with Britain. As well as differing views on Gibraltar's constitutional future, the two parties offered quite different economic visions for the territory. The IWBP leader Bob Peliza argued it was vital for Gibraltar to 'move in step with Great Britain' and avoid remaining 'in the backwaters of Europe'.<sup>373</sup> If elected he promised to raise 'living standards to a par with that prevailing in the United Kingdom'.<sup>374</sup> This would involve raising pay rates for Gibraltarian workers in line with those of metropolitan Britons working in the service departments; tax reform; a fairer distribution of wealth and a Workers' Charter incorporating a guaranteed minimum wage, sick pay, pension provision and paid holidays. This would see Gibraltar 'gearing itself to a European-style economy' which 'would not be left behind when Britain eventually joins the Common Market' thereby strengthening the 'case for political integration with the United

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<sup>372</sup> Robert Holland, *Blue-water Empire: the British in the Mediterranean since 1800* (London: Penguin UK, 2012), p.332.

<sup>373</sup> TNA FCO 42/123, Statement by Major Peliza at the opening session of the Constitutional talks, 16 July 1968.

<sup>374</sup> 'Integrationists encouraged by participation of youth,' *Gibraltar Chronicle*, 14 September 1968, p.1.

Kingdom'.<sup>375</sup> Time and again, IWBP supporters and candidates linked integration with Britain as 'a first step towards integration with Europe' — a process that would make Gibraltar 'part and parcel of the more advanced European nations'.<sup>376</sup> The results of the election when they were announced, showed the population split. Hassan topped the poll again, but with only seven AACR candidates elected, he fell one seat short of a majority. Five IWBP candidates, including the party leader Peliza, were elected, as were three independents, Peter and William Isola, and Alfred Gache. For all that the election had been a battle of competing visions for Gibraltar, in the end it was personal animosity between Hassan and Isola which led to the former's ejection from power. The first half of the year had seen repeated public clashes over the Hassan Divorce Bill, a private members' bill to enable the Chief Minister to divorce his first wife, from whom he had been separated since 1964. At the time divorce was not recognised in Gibraltarian law, although it was permitted in the Jewish community. After dominating newspaper coverage for weeks the bill was eventually passed by the Legislative Council on 31 May 1969, with just Peter Isola and Sol Seruya voting against. It received the consent of the Secretary of State for the Colonies, Anthony Greenwood, on 25 July, just five days before the election. By this point Hassan and his former deputy, Isola, were 'no longer on speaking terms'. Despite the fact that Isola had publicly supported the idea of free association, and was politically to the right of the IWBP, the enmity created by Hassan's divorce led the Isola group of independents to throw in their lot with the IWBP, forming an 'anti-Hassan coalition' and ejecting the AACR from power.<sup>377</sup> Hassan quietly re-married in a registry office ceremony on the morning of the election but it was Peliza who became Chief Minister just as the Spanish policy towards Gibraltar was reaching its logical conclusion with the complete

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<sup>375</sup> Brian Cashinella, 'Beeching plan for a self-sufficient Gibraltar,' *The Times*, 18 October 1969, p.4.

<sup>376</sup> E.L. Rodriguez, 'Integration with Europe', *Gibraltar Chronicle*, 10 July 1969.

<sup>377</sup> Jackson and Cantos, *From Fortress to Democracy*, p.161.

closure of the land frontier and the end of the ferry service from Algeciras in the summer of 1969. Castiella had ‘played his final card’ and Gibraltar was now completely cut off from the rest of the Iberian peninsula.<sup>378</sup>

### 3.7 Conclusion

As Hassan’s long political rule was coming to end, so was Castiella’s 13-year stint at the Ministry of Foreign Affairs. During his first six years in office, Castiella had attempted to repair Anglo-Spanish relations and secure a place for Spain in Europe. However from 1964 onwards, with the doors to Europe firmly closed, he had tried to move Spanish foreign policy in a different direction, with major ramifications for Gibraltar. His dismissal in October 1969 was partly a recognition on the part of Franco that his foreign minister’s Gibraltar policy had led down ‘*un callejón sin salida*’ but was also evidence of growing concern among military figures in the regime over the anti-American direction Castiella had taken in his attempt to play hardball with the US over the renewal of the bases agreement.<sup>379</sup> Castiella had gambled that by threatening to take Spain out of the Western alliance and adopting a more neutral stance he could exact a higher price from the US, both in terms of military aid and a security guarantee, and in support for the Spanish case over Gibraltar. However Admiral Carrero Blanco, who was named vice president of the Spanish government in July 1967, overruled Castiella and personally assured General Wheeler that the US had nothing to fear from the re-negotiation.<sup>380</sup> A provisional agreement was reached — over the heads of Castiella and the MFA — in June 1969. By

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<sup>378</sup> Labarta, ‘Las relaciones Hispano-Británicas’, p.99

<sup>379</sup> [‘a dead end’]

Pardo Sanz, ‘Fernando Ma. Castiella: una larga travesía hacia el liberalismo’, p.413.

<sup>380</sup> Pardo Sanz, ‘Las relaciones Hispano-Norteamericanas’, p.179.

this point Carrero-Blanco had come to view Castiella as a 'danger' to the interests of the regime.<sup>381</sup> His attempt to take Spanish foreign policy in a new direction had failed, and he was replaced in the autumn of 1969 by one of Carrero-Blanco's 'most significant pawns', the pro-American Gregorio López-Bravo, who as minister for industry had been heavily involved in Spain's negotiations with the EEC.<sup>382</sup> Meanwhile, Gibraltar had a new, IWBP-led government, which saw integration with Britain as going hand-in-hand with integration with Europe. While these facts alone may have provided some grounds for optimism, the events of the previous five years had fundamentally altered the landscape, not just of Anglo-Spanish relations, but of the day-to-day lives of the Gibraltarians, who were now effectively trapped in an area the size of London's Hyde Park.

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<sup>381</sup> Sepúlveda, *Gibraltar: La Razón y La Fuerza*, p.312.

<sup>382</sup> Pardo Sanz, 'Fernando Ma. Castiella: una larga travesía hacia el liberalismo', p 423.

## Chapter 4 — ‘All signs’ point to Europe (1970-1975)

### 4.1 Introduction

The year 1969 proved to be a pivotal one for Gibraltar. The policy pursued by Castiella reached its logical conclusion with the complete closure of the frontier. It was also the year Gibraltar's new constitution, a direct result of the Spanish pressure, came into force, including a preamble which handed the Gibraltarians a veto over any change in sovereignty. The resulting stalemate did not take long to claim its first political casualty. Castiella was dismissed in October 1969 and replaced by the pro-European former industry minister, Gregorio López-Bravo. In Gibraltar, the first elections under the new constitution brought to power a coalition led by the Integration With Britain Party (IWBP). Perhaps as significant as these changes was the resignation in April 1969 of the French President, Charles De Gaulle, and with him the disappearance of the biggest obstacle to Britain's repeatedly frustrated efforts to join the EEC. The new French president, Georges Pompidou, wasted little time in lifting the French veto, and just as the groundwork was being laid for a new set of negotiations with the UK, the EEC agreed a second mandate for a trade agreement with Spain which, for the first time, included a significant agricultural element. Once again, it seemed as if Britain and Spain were moving in parallel towards the same destination. In June 1970, a general election in the UK unexpectedly brought Edward Heath into Downing Street, a true believer in the European project who had led the negotiations at the time of Britain's first bid for membership. The mutual move towards Europe, the return of the Conservatives (who were notably less squeamish about dealing with Franco) and López-Bravo's change of tone on Gibraltar, helped bring about a '*nuevo clima*'. In Gibraltar, the integrationist-led coalition was just as keen to see Gibraltar take its place in Europe, not least because it felt integration with the EEC, alongside Britain, might

boost the chances of achieving its ultimate aim of integration with the UK. While all signs pointed to Europe as holding the key to a resolution of the difficulties facing Gibraltar, it became clear soon after the negotiations began that it might not be easy to match the rhetoric of European unity with the diplomatic reality. This thesis provides, for the first time, a detailed analysis of how Gibraltar's accession to the EEC in 1973 was agreed; the sometimes conflicting aims and objectives in London, Brussels, Gibraltar and Madrid; and the wider context created by the closed frontier. It will show how the initial objective favoured in Whitehall shifted as a result of Spain's reaction to the news that the six founding members of the EEC were willing to include Gibraltar under Article 227 (4) of the Treaty of Rome, and that a combination of this and the recently signed trade agreement might force the border to be re-opened. It will examine the origins of Gibraltar's differentiated status within the EEC, outside of the customs union, and the shift in Anglo-Spanish relations that occurred after Gibraltar's accession to the EEC on 1 January 1973. It will show how the high hopes fostered by the *nuevo clima* faded after 1973, when López-Bravo was dismissed as Foreign Minister and Spain returned to a hard line in the final, fraught years of the Franco dictatorship. Finally, we will look at the difficult early years of Gibraltar's EEC membership, including Wilson's re-negotiation and referendum, which threatened to bring an end to Gibraltar's hard won place in Europe without Gibraltarians being given a say in the matter.

## 4.2 A 'new climate'

By the time Castiella was ejected from government his obsession with Gibraltar had become something of a national joke. He was no longer Minister of Foreign Affairs, but Minister of *the* Foreign Affair.<sup>383</sup> His replacement was the dynamic Gregorio López-Bravo, something of a 'regime pin-up' after his successful stint as Minister for Industry.<sup>384</sup> In his previous post, López-Bravo had successfully associated himself with Spain's economic miracle of the 1960s and had been heavily involved in negotiations with the EEC, which took a huge step forward on 17 October 1969 when agreement was reached on a second, more equitable, negotiating mandate. Although a personal favourite of *el Caudillo*, the English-speaking López-Bravo was more inclined towards the Atlantic powers than his predecessor, and had visited Britain a few months earlier. Britain's newly appointed ambassador to Spain, Sir John Russell, sensed something of a '*nuevo clima*' in Anglo-Spanish relations and there were encouraging early signs.<sup>385</sup> For the first time in six years there was no discussion of Gibraltar at the UN in December 1969; the virulent Spanish propaganda campaign abated and telephone lines were temporarily restored over Christmas. At the end of a decade of disruption and rancour, 'a wind of change appeared to be blowing,' according to Gibraltar's new governor Admiral Sir Varyl Begg. Much of this was down to Lopez-Bravo's change of tone and desire to 'repair the damage done by his predecessor'.<sup>386</sup> As well as applying a cooling balm to Anglo-Spanish relations, the new minister wished to re-prioritise Spain's relations with the EEC, and there were pressing reasons to do so. Progress towards a trade agreement had been painfully slow since

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<sup>383</sup> Mantero, 'Castiella y Gibraltar', p.137.

<sup>384</sup> Paul Preston, *Juan Carlos: Steering Spain from Dictatorship to Democracy* (London: Harper Perennial, 2004), p. 250.

<sup>385</sup> TNA FCO 9/1124, Russell to Secondé, 22 June 1970.

<sup>386</sup> TNA FCO 83/47, Annual Review 1970, 31 March 1971.



Spain's second approach in 1964, overshadowed first by the 'empty chair' crisis, and then by Wilson's application and De Gaulle's second veto in 1967. The first mandate agreed by the EEC in July 1967 had been hopelessly lopsided and offered virtually nothing for Spain's all-important agricultural sector. In response, Spain adopted a 'maximalist' position, offering the Six over and above what they had suggested in terms of access for their industrial goods to the Spanish market, in return for agriculture being placed on the table. It was a brave tactic, credited to the 'audacity' of the Minister for Industry at the time, López-Bravo, and it brought dividends in the form of a more balanced mandate in October 1969.<sup>387</sup> While the first offer would have covered just seven per cent of Spain's agricultural sales to the Six, the second envisaged covering 63 per cent.<sup>388</sup> The new French president, Georges Pompidou, indicated in July 1969 that he had no objection to British entry and at the Hague EEC summit in December 1969, the French veto was formally lifted, and the path cleared for negotiations to begin in 1970. For Spain, which had twice found itself in Britain's slipstream, the news injected a degree of urgency into its own talks with the EEC. The new Foreign Minister energetically pursued a deal, visiting Brussels alongside the recently proclaimed heir to the Spanish throne Don Carlos, as well as Paris and Bonn in the early months of 1970 where he made clear exactly where he saw Spain's priorities lying: '*el punto clave de la política exterior de España se llama Europa*'.<sup>389</sup> He told French diplomats of his desire to '*dépassionner*' the Gibraltar issue and informed reporters in Paris that the Rock no longer constituted 'the magnetic pole' of Spanish foreign policy.<sup>390</sup> As Labarta Rodríguez-Maribona has noted, the disappearance of De Gaulle had once

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<sup>387</sup> Alonso, *España en el Mercado Común*, p.35.

<sup>388</sup> *Ibid.*, p39.

<sup>389</sup> ['The key point of Spain's foreign policy is called Europe.']

'Declaraciones de Lopez Bravo en la television Alemana,' *ABC*, 22 April, 1970, p. 35.

<sup>390</sup> [take the heat out of]

TNA FCO 30/585, Marshall to Secondé, 16 February 1970.

again converted Britain into a 'potential ally' in Europe.<sup>391</sup> López-Bravo's efforts were not in vain, and by the middle of March 1970 a draft agreement with the EEC was in place. There was more good news, as far as Spain was concerned, in June 1970, when Heath's Conservatives defeated Labour in the UK general election. The Spaniards were 'jubilant' at the result, according to Russell, and could now 'see light at the end of a long dark doctrinaire tunnel'. López-Bravo was 'enthusiastically looking for ways and means of re-floating the *nuevo clima*' and the ambassador thought it was a 'rarely favourable moment' for progress.<sup>392</sup> Although this could partly be explained by the end of the strained relationship between Wilson's Labour Party and the Franco regime, there was more to it than that. There was genuine optimism about the perceived direction of travel. Alec Douglas-Home, himself a 'staunch advocate of entry' into the EEC, returned as Foreign Secretary, reviving memories of his historic visit to Madrid in 1961.<sup>393</sup> While in Heath, Britain had a leader who was perhaps 'unique' in the 'depth of his commitment to Europe'.<sup>394</sup> In fact, negotiations with the EEC had been due to begin in June 1970 whoever was in power, and Heath was able to 'pick up the reins of a British accession bid that already had significant momentum behind it'.<sup>395</sup> Just twelve days after the election, British negotiators opened talks with the EEC, while at the same meeting in Luxembourg, López-Bravo put pen to paper on Spain's new Preferential Trade Agreement, the product of six years of talks. In a speech at the signing ceremony, the Foreign Minister left no doubt as to where he saw the future of his country:

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<sup>391</sup> Labarta, 'Las Relaciones Hispano-Británicas', p.100.

<sup>392</sup> TNA FCO 9/1124, Russell to Secondé, 22 June 1970.

<sup>393</sup> Uwe Kitzinger, *Diplomacy and Persuasion: How Britain Joined the Common Market* (London: Thames and Hudson, 1973), p. 153.

<sup>394</sup> David Reynolds, *Britannia Overruled: British Policy & World Power In The 20th Century* (Harlow: Longman Group: 1991) p.241.

<sup>395</sup> Daniel Edwin Furby, 'The Revival and Success of Britain's Second Application for Membership of the European Community, 1968-71' (unpublished doctoral thesis: University of London, 2010), p. 294.

Spain, always looking at three continents, has now decided to anchor herself more firmly to Europe, the bridge of culture and progress for us and our destiny. This agreement, certainly, is no more than the first step, but in everyone's mind is the practical irreversibility of the process and the certainty of the final objective. In the Europe which is slowly but surely uniting, Spain feels herself present.<sup>396</sup>

There were early signs that this new spirit of European unity might transcend even the most intractable problems. After meeting Douglas-Home in Luxembourg, López-Bravo told reporters that Gibraltar was 'a small problem' and 'becoming more and more obsolete in the context of steps towards closer European cooperation'.<sup>397</sup> For once this optimism was shared in Gibraltar, where the integrationist Chief Minister Bob Peliza spoke to FCO officials in remarkably similar terms:

The sort of thing he had in mind was that Britain and Spain, with Gibraltar somehow associated either with Britain or even possibly with both, might find themselves together in the European Community. This would create a new situation in which questions of sovereignty would become of lesser importance, at that juncture, it would be logical for Spain to drop her restrictions, since one of the features of the European Common Market was the ability to cross frontiers freely in all directions.<sup>398</sup>

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<sup>396</sup> TNA FCO 30/585, Spain/EEC Relations, 1 July 1970.

<sup>397</sup> 'Gibraltar a small problem but important - Lopez Bravo', *Gibraltar Chronicle*, 2 July 1970, p.1.

<sup>398</sup> TNA FCO 42/461, Extract of Minute by D.A Scott, 1 June 1970.

At lunch with the head of the FCO's Southern European Department (SED), Reggie Secondé, Peliza barely raised the question of integration with Britain, his party's *raison d'être*, but was keen to expand on his ideas about European integration:

His attitude was that the eventual solution for Gibraltar was 'the day when everybody joined Europe.' Gibraltar on no account wished to become part of Spain; she was happy to be part of Britain; but she would be equally happy to be part of Europe.

Although he considered such ideas a bit 'futuristic', Secondé was sufficiently impressed to tell London 'Peliza may have hit upon a new line of approach'.<sup>399</sup> It is worth pausing here to consider Peliza's views on Europe in greater depth, because by an extraordinary coincidence, Gibraltar had elected its most avowedly pro-European Chief Minister at the exact moment when the UK, led by another true believer, was negotiating entry into the EEC. There is no doubt that Peliza's pro-European integrationism stemmed partly from a deeply held belief that 'where Britain goes, Gibraltar...must follow'.<sup>400</sup> This was an article of faith for someone like Peliza, a 'Queen and Country' man, as one report put it, who took patriotic pride in his Britishness.<sup>401</sup> Speaking in August 1970, a year after taking office, Peliza told Gibraltarians that his government aimed to take Gibraltar into EFTA or the EEC, in the belief that 'Gibraltar should be part of a bigger entity'. Gibraltar should stick closely to Britain, and this was reflected in one of his government's central demands, for 'real United Kingdom citizenship' or in practical terms, exemption from the Commonwealth Immigrants Acts of 1962 and 1968, which in his view relegated Gibraltarians to second-

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<sup>399</sup> TNA FCO 30/635, Spain, Gibraltar and the EEC, 16 June 1970.

<sup>400</sup> TNA FCO 42/461, Statement by Chief Minister, 11 August 1970.

<sup>401</sup> TNA FCO 9/418, Special Branch report on IWBP, 9 February 1967.

class citizenship.<sup>402</sup> Peliza was aware that Gibraltar's presence in Europe distinguished it from every other overseas territory, and entry into the EEC with Britain would sweep away any restrictions on free movement between Gibraltar and the metropolitan power. Alongside the practical benefits offered by European integration, Peliza was also a passionate supporter of the European project itself. He told a visiting party from the Commonwealth Press Union in September 1970 that the average Gibraltarian was a mixture of 'two different bloodstreams — the Latin and the Anglo-Saxon' and was therefore 'an international being':

In the context of Europe I think that that the people of Britain including the people of Gibraltar together with all European people including the Spaniards, would like to get together to improve their lot. I believe that this will happen sooner or later, with the centre of Europe as our centre of gravity and that Britain, ourselves and other British people in Europe, together with all the other peoples, Germans, French, Italians, Spanish and the others, will pool our resources for the common good of humanity.<sup>403</sup>

Nor were such expressions of European solidarity limited to the integrationists. Younger members of the main opposition party, the AACR, were also beginning to think about what a European future might mean for Gibraltar's emerging sense of identity. As Adolfo Canepa told the AACR conference in February 1970:

We are very proud to be European and eagerly desire to see the establishment of a United Europe. We are even more proud and privileged

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<sup>402</sup> TNA FCO 42/461, Statement by Chief Minister, 11 August 1970.

<sup>403</sup> TNA FCO 42/474, Visit of Commonwealth Press Union to Gibraltar, 23 September 1970.

to be British and to be going with Britain into the Common Market. But above all, we are yet more proud to be Gibraltarians.<sup>404</sup>

Party leader, Sir Joshua Hassan, was more cautious, but nevertheless recognised the possibilities which might arise if 'Spain wanted something...in Europe' which 'Britain might be in a position to give', telling a visiting official that this was precisely what had helped ease the first round of Spanish restrictions in the early 1960s.<sup>405</sup> It was clear that Gibraltar in 1970, no less than London or Madrid, shared something of the spirit of optimism generated by both countries' moves towards Europe. As one Gibraltarian newspaper put it, 'all signs' were 'pointing towards European unity becoming a reality' in the next few years and for different reasons neither Spain nor Gibraltar could afford to be left out. While 'double standards' at the UN had left many Gibraltarians disappointed, it was tempting to envisage the current impasse being overcome in 'the European forum'.<sup>406</sup> In the next section we will examine how this spirit of optimism fared once the negotiations got underway in earnest in autumn 1970.

#### **4.3.1 The negotiations begin**

During Britain's first approach to the EEC in 1961-63, the possibility of including Gibraltar under Article 227 (4) of the Treaty of Rome had been examined in detail, but by the time negotiations broke down, the EEC had offered no formal response to the UK's proposal that Gibraltar should be included, but the provisions of the treaty suspended until arrangements could be made to protect the territory's free port facilities. In 1967, Wilson's

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<sup>404</sup> Adolfo J. Canepa, *Serving My Gibraltar* (Gibraltar: Charles G. Trico, 2014), p. 47.

<sup>405</sup> TNA FCO 42/487, Note of conversation with Sir Joshua Hassan, 28 October 1970.

<sup>406</sup> 'Conservative foreign policy, Sir Alec and Gibraltar,' *Gibraltar Chronicle*, 25 June, 1970, p.1.

short-lived effort to re-boot Britain's bid had prompted further discussion and reached similar conclusions. If anything, the intervening years had confirmed in the minds of many Gibraltarians the overriding importance of staying close to the UK, not just because of Spain's aggressive intentions, but because the introduction of anti-immigration legislation had erected an unwelcome barrier with the UK which it was felt common membership of the EEC could overcome. All this may have strengthened the political case for following Britain into Europe, but the economic case was still far from conclusive.

By the time Heath was moved to try again in 1970, the Integration With Britain Party (IWBP) had assumed power in Gibraltar at the head of a coalition government. Unlike the outgoing AACR, which had mostly taken a reactive stance in relation to Gibraltar's possible inclusion in the EEC, the IWBP was determined to be proactive. In May 1970, the new trade minister, Major Alfred Gache, submitted a paper to the Gibraltar Council requesting the UK government take the formal steps necessary to admit Gibraltar to EFTA.<sup>407</sup> The issue was discussed again on 18 August 1970, shortly after Heath had initiated negotiations with the EEC. Significantly, IWBP ministers emphasised the 'economic arguments' in favour of Gibraltar's inclusion in EFTA, while noting the 'political aspects' would require further study.<sup>408</sup> There were several reasons for this shift in emphasis, most obviously, the fact that the closure of the land frontier with Spain had radically altered the territory's economic outlook. Although the scope for manufacturing industry on the Rock was limited by a lack of space, raw materials and labour, ministers felt joining EFTA might boost the chances of making a success of small-scale industries such as a suede-tie factory and watch-assembly plant; while the entry of women into the workforce following the withdrawal of Spanish labour raised the possibility of establishing home-based cottage

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<sup>407</sup> TNA FCO 30/635, Gibraltar and EFTA, 17 May 1970.

<sup>408</sup> TNA FCO 30/635, Gibraltar and EFTA, 15 September 1970.

industries, such as the hand-painting of toy *Subbuteo* figures. Not only did IWBP ministers view EFTA membership as a potentially important boost to local industry, it was also seen as an important stepping stone towards full EEC membership, to which the party remained committed. There were also domestic political considerations, as the Governor explained: ‘They consider that the achievement of EFTA membership for Gibraltar would put them one up on their AACR rivals, who, when in government, had not pressed the matter’.<sup>409</sup> When Peliza put these arguments directly to the Minister of State at the FCO, Joseph Godber, at the end of August, Godber wondered whether it was the right time to enter EFTA given the association was ‘in a state of great uncertainty’ caused by the fact three of its members, the UK, Denmark and Norway, were applying for EEC membership. He told Peliza Gibraltar was likely to be covered by Article 227 (4) of the Treaty of Rome, and therefore included in Britain’s entry into the EEC, without the need to join EFTA first.<sup>410</sup> The Gibraltar Government’s anxiety to pursue the EFTA option at the exact moment the UK was re-starting negotiations with the EEC seems odd, until it is recalled that Britain had twice tried to join the EEC, and had twice been knocked back. As Gache told a Gibraltar Council meeting in early October 1970, ‘Britain might not get into the EEC’ and ‘to guard against this Gibraltar’s membership of EFTA should be pushed forward straight away’.<sup>411</sup> His proposal was greeted with scepticism in Whitehall but by this time Britain’s negotiations with the EEC had begun in earnest and the head of the UK delegation, Sir Con O’Neill, informed commissioners in Brussels on 16 September 1970 that his government believed Gibraltar was covered by Article 227 (4).<sup>412</sup> O’Neill, who was the most senior civil servant involved in the negotiations and would later pen the official

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<sup>409</sup> TNA FCO 30/635, Gibraltar and EFTA, 15 September 1970.

<sup>410</sup> TNA FCO 30/635, Note of Meeting between the Minister of State, Mr Godber, and the Governor and Chief Minister of Gibraltar, 26 August 1970.

<sup>411</sup> TNA FCO 30/635, Extract from Gibraltar Council Meeting, 2 October 1970.

<sup>412</sup> TNA FCO 30/635, Douglas Home to Governor, 21 September 1970.



history, described the 'opening phase' from June to December 1970, as a period of 'exploration, exposition and manoeuvre' in which 'few decisions were reached'.<sup>413</sup> In fact, one of the few decisions of any significance which was reached during this period concerned Gibraltar. Although it had long been assumed that the territory would be covered by the Treaty of Rome, Brussels had never offered an official view, and since the matter was first considered in 1961, Gibraltar had become a source of considerable international tension. It was widely predicted the Spanish government would not react favourably if Gibraltar became associated with the EEC in a far more substantial way than Spain had thus far managed. There were other potential sticking points. Article 227 (4), which referred to 'European territories for whose external relations a Member State is responsible,' was according to O'Neill a 'rather odd provision' that had been included in the Treaty of Rome 'almost by error'.<sup>414</sup> It had been designed with such post-war anomalies as the Saar Protectorate and the Free Territory of Trieste in mind. Although the Saar had been returned to West Germany and Trieste divided between Italy and Yugoslavia, the former German capital Berlin remained a divided city, with West Berlin effectively an EEC enclave behind the Iron Curtain. When the British delegation raised Gibraltar in October 1970, the European Commission's Paul-Joachim Von Stülpnagel told O'Neill that 'German hesitations about agreeing to the inclusion of Gibraltar in the enlarged community' stemmed from legal doubts over whether this might 'raise eventual difficulties with regard to the status of Berlin'.<sup>415</sup> These doubts eventually proved groundless but O'Neill suspected foot-dragging amongst the other five EEC members might have something to do with Spain. If the matter was allowed to drag on too long, he warned, there was a risk

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<sup>413</sup> David Hannay, *Britain's entry to the European Community: Report on the Negotiations of 1970-72* by Sir Con O'Neill (London: Frank Cass, 2000), pp.65-66.

<sup>414</sup> TNA CAB 164/1346, Report on the negotiations for entry into the European Community.

<sup>415</sup> TNA FCO 30/635, O'Neill to FCO (Codel 131) 15 October 1970.

the Spanish 'may be encouraged to press their case'.<sup>416</sup> British negotiators were therefore urged to press the Six to reach an agreement on Gibraltar at the next ministerial meeting on 27 October 1970, and UK representatives in Community capitals were called on to take up the question with their hosts. It worked. At the October meeting, the Community agreed to Gibraltar's inclusion and a couple of days later the news was broken in the Commons by the Chancellor of the Duchy of Lancaster, Geoffrey Rippon. This fact alone was, according to O'Neill, of 'major political significance' as well as being 'extremely unwelcome to Spain'.<sup>417</sup> On hearing the news, integrationist leader, Bob Peliza, declared it 'an occasion for rejoicing':

I feel jubilant that, in spite of doubts which have arisen recently, the EEC have confirmed that Gibraltar will be covered by the provisions of Article 227 (4) of the Treaty of Rome...As Britain joins Europe, we in Gibraltar will reap the benefits.<sup>418</sup>

Peliza looked ahead to a time when 'progressive members of the Spanish government' would lead Spain into the 'same European community' and this 'common ground' would enable the situation in Gibraltar to return to normality.<sup>419</sup> If Peliza hoped his sense of optimism would be shared in Spain he was soon disappointed. The Falangist newspaper *Arriba* described the decision as 'an alarming step backwards' and accused the British government of 'a political ploy to keep the Gibraltarians happy'.<sup>420</sup> The Madrid-based

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<sup>416</sup> TNA FCO 30/635, O'Neill to FCO (Codel 122), 15 October 1970.

<sup>417</sup> TNA CAB 164/1346, Report on the negotiations for entry into the European Community.

<sup>418</sup> TNA FCO 30/635, Statement by the Chief Minister, 28 October 1970.

<sup>419</sup> *Ibid.*

<sup>420</sup> 'Gibraltar-EEC link,' *The Times*, 2 November 1970, p.4.

*Informaciones* angrily demanded 'an explanation on the part of the Spanish authorities'.<sup>421</sup> Summing up the reaction of the Spanish press, the British Embassy's Tom Keeble said there was widespread disbelief that Gibraltar should be admitted into the EEC with so little difficulty 'when Spain had been kept sweating...for many years just for a commercial agreement'. Other papers took the line that Gibraltar was 'on its last legs' and this was 'an attempt to put fresh heart into its people'.<sup>422</sup> Even more concerning from the Spanish government's point of view was the suggestion that Gibraltar's inclusion in the EEC, coupled with Spain's recent trade agreement, might oblige it to lift the frontier restrictions. The monarchist daily *ABC* devoted its front page to denouncing what it called the 'ultimate mirage' of integrating Gibraltar into the Common Market. The paper's London correspondent told readers that the Treaty of Rome could not be used to solve a colonial situation and there could be no obligation on Spain to permit free circulation of goods and labour across a 'non-existent frontier'.<sup>423</sup>

*Es como si Madrid pretendiera, el día lejano del ingreso británico en el group de los Seis, que los tomates celtibéricos y los ceniceros con motivos taurinos entraran en el Reino Unido por la terraza del Parlamento británico sobre el Támesis.*<sup>424</sup>

It had long been suspected that Spain's move towards the EEC might one day lead to the removal of the barriers at the frontier with Gibraltar. Although Spain's first approach to

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<sup>421</sup> 'Momentum Surprises French', *The Times*, 29 October 1970, p.6.

<sup>422</sup> TNA FCO 42/461, Gibraltar and the EEC, 12 November 1970.

<sup>423</sup> Alfonso Barra, 'La esperanza de integrarse en el mercado común, ultimo espejismo de los habitantes de Gibraltar', *ABC*, 3 November 1970, p.1.

<sup>424</sup> [It is as if Madrid intended, on the distant day of the British entry into the Group of Six, that Celtiberian tomatoes and ashtrays with bullfighting motifs entered the United Kingdom through the terrace of the British Parliament on the Thames]

*Ibid.*, p.1.

Europe had fallen flat, the signing of the Preferential Trade Agreement in 1970 put Spanish-EEC relations on a legal footing for the first time. This was clearly an important new element. Writing shortly after the agreement was concluded in April 1970, the EID's Michael Pakenham thought that 'under Community rules Spain would no longer be able to exert her present economic restrictions on Gibraltar' but worried that 'pointing this out' would simply 'give the Gibraltarians a handy stick with which to beat the Spaniards' and create 'political difficulties for our own negotiating position'.<sup>425</sup> Reggie Secondé, the head of SED, thought Spain's desire for a closer relationship with the EEC would provide 'a powerful bargaining counter'.<sup>426</sup> Another official agreed that the frontier restrictions were incompatible with Spain's 'obligations' under the trade agreement, but argued that the 'present members of the EEC would not relish getting involved in the Gibraltar dispute this way'.<sup>427</sup>

As well as Spain's trade agreement with the EEC, there was another new factor to consider. In 1961-63, concerns had been raised over the future of Gibraltar's free port within an enlarged EEC. As a result, Gibraltarian leaders had been reluctant to consider full implementation of the Treaty of Rome upon accession. However, in 1969 the EEC had issued a directive on the status of free zones which meant that, in theory, Gibraltar could be brought in as a full EEC member whilst retaining its free port privileges. Once the Council of Ministers had agreed to Gibraltar's inclusion under Article 227 (4) at the end of October 1970, attention turned to how the free port might be accommodated, and a working group from the European Commission was established to look into it. As Kenneth Christofas, deputy head of the UK delegation in Brussels, explained, there were two

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<sup>425</sup> TNA FCO 30/635, Gibraltar: EEC, 8 April 1970.

<sup>426</sup> TNA FCO 30/635, Spain, Gibraltar and the E.E.C, 16 June 1970.

<sup>427</sup> TNA FCO 30/635, Gibraltar + the EEC, 16 March 1970.

possible solutions, either to accommodate Gibraltar under the 4 March 1969 EEC free zones directive or to adopt the so-called ‘Heligoland solution’ which would take Gibraltar outside the scope of the customs union altogether. Council directive 69/75/EEC had been designed to accommodate territorial enclaves within the customs territory of a member state, for instance, San Marino with Italy, or Monaco with France. The ‘Heligoland solution’ on the other hand excluded certain areas — specifically Heligoland, a small island off the coast of Schleswig-Holstein, which ironically had belonged to Britain during the nineteenth century, and Büsingen, a tiny German village surrounded by Switzerland — from the customs area of their member country, in this case West Germany, and therefore of the EEC as a whole. This enabled Heligoland to remain a duty free zone. Christofas thought ‘at first sight’ that the Heligoland solution appeared ‘much more simple’ to adapt to Gibraltar’s circumstances, and in any case, was the option favoured by the European Commission.<sup>428</sup> Christofas held talks in London with the Government of Gibraltar’s Financial Secretary, a senior civil servant named Howard Davis. Although the IWBP-led government had expressed a desire to develop some manufacturing capacity in Gibraltar, Davis told Christofas there was ‘no substantial manufacturing industry’ at present but it was ‘vital for the economic health of Gibraltar’ that the commercial community in Main Street be allowed to continue selling duty-free goods. Therefore Gibraltar’s main *desiderata* included freedom from the Common External Tariff (CET); the right to impose internal revenue taxes and to keep the proceeds, and exclusion from the obligation to impose VAT. With these in mind, Davis welcomed the suggestion that the ‘Heligoland solution’ be explored.<sup>429</sup> Over the next fortnight, the FCO drew up a detailed 10-page brief on the UK’s negotiating aims for Gibraltar for the Working Group on Europe (WGE), the

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<sup>428</sup> TNA FCO 30/635, Christofas to FCO (Codel 154), 22 October 1970.

<sup>429</sup> TNA FCO 30/635, Christofas to FCO (Codel 181), 31 October 1970.

civil service committee overseeing negotiations. It examined both options, from a technical standpoint, but also in light of what they might mean for Gibraltar's relations with Spain:

One possible long term benefit of Gibraltar's inclusion within the customs territory of the Community, which is recognised by the Gibraltar Ministers themselves, is that this may eventually contribute to a settlement of the Gibraltar problem within a framework of European integration...Spain has already concluded a preferential trade agreement with the Community. If Gibraltar were to become an integral part of the Community and included within its customs territory, Spain would be obliged to observe the terms of that agreement, in conducting her commercial relations with Gibraltar...If, however, Gibraltar were to remain outside the CET, Spain could maintain her present commercial restrictions on Gibraltar *ad infinitum*.<sup>430</sup>

The paper acknowledged that Gibraltar's own *desiderata* were a closer match to the Heligoland solution, but concluded: 'It appears more important to preserve the possibility of normalisation of commercial relations between Gibraltar and Spain than to make allowance in the short term of certain *desiderata* of the Gibraltar authorities'. Unless relations were normalised across the whole spectrum, Gibraltar's long-term future would become increasingly hazardous, and the present *desiderata* would soon be 'superfluous'.<sup>431</sup> The paper recommended negotiators aimed to include Gibraltar within the Community while making provision for its free port arrangements under the relevant EEC directive, referred to as option (a), as this would oblige Spain to apply the conditions of its trade agreement with the EEC to Gibraltar. The British government should therefore

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<sup>430</sup> TNA FCO 42/461, Gibraltar and the UK negotiations for Membership of the European Communities, 11 November 1970.

<sup>431</sup> *Ibid.*

‘inform Gibraltar of the disadvantages of the “Heligoland solution” in the context of the dispute with Spain’.<sup>432</sup> This recommendation was subsequently accepted at the WGE meeting held on 16 November 1970. By chance, Gibraltar’s trade minister, Major Gache, was visiting London the following week, while a cross-party delegation, including the Chief Minister and the Leader of the Opposition, was due to arrive on 24 November for a meeting with the Foreign Secretary. The WGE and EID felt, not unnaturally, that it might be a good idea to take advantage of the visit of Gibraltar ministers to ‘test their reactions to the various ideas in the paper’. However, the Gibraltar and South Atlantic Department (GSAD), which retained responsibility for constitutional questions relating to Britain’s dependent territories, objected. ‘This would not be appropriate,’ wrote one official bluntly in the margins.<sup>433</sup> It was pointed out that Gibraltar’s external relations, including the nature of its relationship with the EEC, were not the responsibility of Gibraltar ministers under the terms of the 1969 constitution. The GSAD was particularly keen to avoid any discussion of the relative merits of the two solutions for Gibraltar’s free port identified by the FCO, and the possible implications for relations with Spain. Constitutionally, the Governor retained responsibility for external relations, but it seemed inconceivable that such an important decision could be made without input from Gibraltar’s elected representatives, or indeed unelected officials such as Davis. This was a point made by John Bennett, in a handwritten comment on WGE’s recommendations:

You and Mr Davis attended the discussions with EID which presumably gave rise to this paper. If he agreed to the recommendations, well and good. If he dissented, or if they have only surfaced since he left, I think... that you should tell EID that they should consult the Governor (not just

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<sup>432</sup> TNA FCO 42/461, Gibraltar and the UK negotiations for Membership of the European Communities, 11 November 1970.

<sup>433</sup> TNA FCO 42/461, Brind to Ford, November 1970.

“inform” him...) before adopting the course proposed which appears to involve going against his previous advice.<sup>434</sup>

However, before the matter could be considered further, news of the angry reaction in Spain to Gibraltar’s link with the EEC began to filter through Whitehall. It is abundantly clear from the record that Spain’s reaction, and in particular anger over the suggestion that Gibraltar’s inclusion might oblige it to modify the frontier restrictions, brought about a complete re-think in Whitehall. As Reggie Secondé explained:

Since then we have learnt of the sharp Spanish reaction to United Kingdom moves to associate Gibraltar with the EEC...It is clear that if we were to pursue the recommendations at (a) above, which would affect some of the present restrictions which Spain applies to Gibraltar, the Spanish Government would take this seriously amiss and we could expect continued and increasing Spanish pressure on members of the Six. It might even be that the Spanish Government, who at present have a tacit agreement with us to leave to one side the problem of Gibraltar...would accuse us of bad faith. We could accordingly expect a deterioration of Anglo-Spanish relations. Sooner or later, this would directly affect Gibraltar. Spanish hostility would presumably not be so sharp if we were to pursue the Heligoland solution since this would not oblige Spain to modify restrictions.<sup>435</sup>

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<sup>434</sup> TNA FCO 42/461, Bennett to Herdman, 11 November 1970.

<sup>435</sup> TNA FCO 42/461, Secondé to Bendall, 20 November 1970.



Secondé noted that the Heligoland solution matched the Gibraltar Government's own economic priorities, and was favoured in Brussels. As far as the British government was concerned it was not a 'matter of overriding importance' which option was adopted. When the FCO had made its original recommendation it was in the belief there could be long-term political advantages in adopting a solution which forced the Spanish government to remove some or all of its frontier restrictions. However, now 'the Spanish Government have so clearly shown their hand' it would be 'wise to reconsider':

If it could be established that, as a result of integrating Gibraltar more fully into the Customs Area of the Community we stood a real chance of obliging the Spaniards to remove their restrictions, the balance of advantage would still be in favour of sticking to our present decision and of weathering Spanish irritation and consequential difficulties with the Six. But I fear that this would not be the case. Spain would undoubtedly fight to the bitter end to maintain her right to apply restrictions on Gibraltar. And, the probability is that she would succeed through lobbying in turning the Six against us. If this is so, by sticking to our decision, we would create difficulties for ourselves in Brussels, complicate our relations with the Gibraltarians and prejudice Anglo-Spanish relations, all to no purpose.<sup>436</sup>

All signs pointed to the need to 'reverse our decision' and go for the 'Heligoland solution'. This u-turn would be easy enough to execute because 'the Gibraltarians are not yet aware of the political implications' and indeed, as previously noted, there had been no discussion of this aspect of the negotiations during the recent visit of Gibraltar ministers.<sup>437</sup> Reaction

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<sup>436</sup> TNA FCO 42/461, Secondé to Bendall, 20 November 1970.

<sup>437</sup> Ibid.

to Secondé's missive was mixed. The British Ambassador in Madrid could see the logic. Pursuing the original recommendation would only encourage the Spaniards to 'dig in their toes over the maintenance of restrictions'.<sup>438</sup> The Governor of Gibraltar admitted to 'some scepticism' over Spain's reaction. 'My view is that we should ignore possible Spanish attitudes and concentrate entirely on deciding what is the best course in Gibraltar's economic and HMG's interest,' he told London. However he still believed the Heligoland solution was 'preferable' and promised to communicate this to Gibraltar's ministers at the next Council meeting on 8 December, where he would concentrate on 'the practical economic aspect'.<sup>439</sup> In the middle of December, just days before the Gibraltar issue was due to be discussed at a meeting of ministers' deputies in Brussels, the FCO sent Mr Ford to the Rock to discuss the state of the negotiations. Ford held 'exhaustive and exhausting' discussions with elected members of the House of Assembly, the local Chamber of Commerce, trade unionists, bankers, and the Gibraltar Council.<sup>440</sup> The meeting with the Gibraltar Council, which included four ministers from the government as well as the Governor and his ex-officio members, took place on 17 December 1970. From Gibraltar's point of view, it was perhaps the key meeting of the entire negotiating period and lasted more than three hours. Ford took pains to explain the nature of the 'Heligoland solution' but said the considerations governing Gibraltar's choice 'were entirely economic'. When asked directly how the options might affect relations with Spain in view of their own agreement with the EEC, Ford replied that 'the circumstances of trade between Gibraltar and Spain would in practice probably be unchanged whichever of the two alternative arrangements Gibraltar adopted'. This glossed over the debate which had taken place within the FCO throughout November over what were in reality quite different possible

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<sup>438</sup> TNA FCO 42/461, Russell to FCO, 1 December 1970.

<sup>439</sup> TNA FCO 42/461, Varyl Begg to FCO, 1 December 1970.

<sup>440</sup> TNA FCO 42/461, Ford to EID, 21 December 1970.

outcomes. The IWBP ministers pressed the FCO representative over whether it might be possible to join the customs area at a future date should Gibraltar decide it was in its interests to do so. Ford demurred; if negotiators sought to obtain an option about Gibraltar's eventual inclusion, opponents of British entry might claim 'Gibraltar wanted two things at once' and seek to obstruct the arrangements they hoped to obtain. This 'had nothing to do with Spanish lobbying or representations' he stressed, and in any case, Britain would be in a stronger position to make demands of this sort once it was inside the Community. At the end of a marathon meeting, all the ministers present agreed to the 'Heligoland' approach outlined by Ford and were content for O'Neill to take this to the deputies' meeting the following day in Brussels.<sup>441</sup> There Community representatives formally agreed there was 'no reason to include Gibraltar in the customs territory of the enlarged Community' and gave their seal of approval to the 'Heligoland solution'.<sup>442</sup> The first and most decisive phase of negotiations over Gibraltar's inclusion in the EEC had ended. It is worth pausing to consider some of the key features of this frantic three-month period at the very start of the UK's negotiations. It was marked by a reluctance on the part of officials in Whitehall to divulge their thinking on how Gibraltar's proposed relationship with the EEC might impact relations with Spain. This was because, as the Governor had warned in September 1970, the argument that the British government did not want to do anything to prejudice Anglo-Spanish relations did 'not cut much ice with local ministers' who were inclined to view such regard for Spanish feelings as 'a sign of weakness'.<sup>443</sup> Furthermore, there was significant disagreement within and between various Whitehall departments over which option would be better in the long term. The reaction in Spain to the news of Gibraltar's acceptance by the Six, both in the Spanish press, and in the form

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<sup>441</sup> TNA FCO 42/461, Minutes of a meeting of Gibraltar Council held at the Convent on Thursday 17 December 1970.

<sup>442</sup> Historical Archive of the European Union (HAEU), CM5/ADH-00428/001, Negotiations with the United Kingdom, 23 November 1971.

<sup>443</sup> TNA FCO 30/635, Varyl Begg to FCO, 15 September 1970.

of an official letter of protest from Spain's ambassador to the EEC, Alberto Ullastres, seems to have taken officials by surprise and brought about a change in the primary negotiating aim. However this was not conveyed to Gibraltar's ministers for fear they would regard any change of policy brought about by Spanish protests as anathema, whatever its merits. In actual fact, and quite independently of this discussion, the Government of Gibraltar's own economic *desiderata* were an easier fit with the Heligoland solution. It is a point of speculation what would have happened if ministers had insisted on a different course. As it was, Ford found 'general agreement' on the approach he had outlined, and subsequently concluded that the department's original aim of bringing Gibraltar within the scope of the EEC's free ports directive would have been 'little short of disastrous for the city's finances' owing to the loss of revenue-raising import duties.<sup>444</sup> The agreement reached in December 1970, that Gibraltar would be included under Article 227 (4) but that it would remain outside the customs area, seems to have allayed Madrid's worst fears but proved to be a highly significant fork in the road for Gibraltar, guaranteeing the perpetuation of a physical frontier between Gibraltar and Spain, even if both ended up in the EEC. Indeed the reverberations from this key decision are still being felt today while its origin is poorly understood and, as we have seen, might have been very different. After a frantic few months, the Governor thought it would be 'better if we do not hear any more about Gibraltar during the negotiations'.<sup>445</sup> There were, however, several unanswered questions which would need to be dealt with before an agreement could be finalised.

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<sup>444</sup> TNA FCO 42/461, Ford to EID, 21 December 1970.

<sup>445</sup> TNA FCO 30/937, Varyl Begg to Ford, 27 February 1971.

### 4.3.2 The ‘problem of nationality’

Although some quick conclusions had been reached over Gibraltar, by the spring of 1971 the overall negotiations had reached something of a deadlock, only broken by twelve hours of private talks between Heath and Pompidou. The Government’s White Paper, published in July 1971, confirmed the agreement reached with the EEC over Gibraltar’s inclusion. Despite efforts to put a positive spin on this, it was viewed as a diplomatic failure for the Spanish government, and for Ullastres personally, who had promised to do everything in his power to prevent Gibraltar’s inclusion.<sup>446</sup> In October 1971, a six-day debate in the House of Commons ended with a 112-vote majority in favour of the principle of membership. The IWBP-led government called it ‘a great day for Gibraltar’ and an ‘important step’ towards the party’s ‘final constitutional objective’ of integration with Britain. The party contrasted Gibraltar’s acceptance by the EEC — evidence member states ‘supported British sovereignty over the Rock’ — with the actions of the UN in the previous decade.<sup>447</sup> In a statement, the Chief Minister reiterated his view that Gibraltar would ‘immediately benefit from belonging to a large unit’ and there would be long-term advantages both for Gibraltar as a community and ‘humanity as a whole’ from the ‘move to a more united Europe’. Hassan offered a more muted response, noting with sadness that the British people appeared ‘sincerely divided on the subject’. He mocked Peliza’s overblown rhetoric, telling the House ‘there were only three or four people in the world who understood fully the implications of the European Community’ but ‘perhaps the Chief Minister had just joined them’. Nevertheless on the fundamental question, he had no doubt ‘if Britain goes in, Gibraltar could not possibly stay out’.<sup>448</sup> Despite the importance of the

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<sup>446</sup> ‘Enérgica actitud Española ante la posibilidad de que Gibraltar ingrese en el mercado común’, *ABC*, 18 November 1970, p.31.

<sup>447</sup> ‘Britain goes in, and Gib goes with her’, *Gibraltar Chronicle*, 30 October 1971, p.1.

<sup>448</sup> ‘Chief Minister on Common Market’, *Gibraltar Chronicle*, 19 November 1971, p.1.

Commons vote, the negotiations themselves had not yet concluded. As they entered a final 'clearing-up' phase,<sup>449</sup> there remained a number of outstanding issues to be settled, including 'the problem of nationality'.<sup>450</sup> The Community required a definition of what constituted a UK national for the purposes of the Treaty of Accession. When the question had been first considered in the spring of 1971, the UK proposed a definition which referred to Citizens of the United Kingdom and Colonies (CUKC) and British subjects who were 'exempt from United Kingdom immigration control'.<sup>451</sup> However in the interim, Parliament had passed the 1971 Immigration Act which had re-defined who was, and who was not, subject to immigration control based on the concept of 'patriality', which limited the automatic right of entry to those with a parent or grandparent born in the UK. Gibraltarians, who for the most part were not considered 'patrials', saw their right to freely enter the UK curtailed for the third time in less than a decade, driven by the determination of successive UK governments to restrict immigration from the New Commonwealth. Legally then, Gibraltarians had no greater right to enter the UK than CUKCs from the Bahamas or the Seychelles. In practice, as a response to the Spanish blockade, the British government had made assurances that enough employment vouchers would be available to those Gibraltarians who wished to work in the UK.

When officials examined the issue shortly after Britain relaunched negotiations in July 1970, it became clear that joining the EEC could transform Gibraltarians' immigration status. After accession, Gibraltarians would be free to enter the UK without an employment voucher 'by virtue of their new status as EEC nationals'. This would be 'more a legal' than 'practical' change, but would nevertheless have a 'psychological effect among many

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<sup>449</sup> Hannay, *Britain's entry to the European Community*, pp.65-66.

<sup>450</sup> TNA FCO 83/65, Palliser to FCO, 29 October 1971.

<sup>451</sup> TNA FCO 83/65, Mason to Middlemas, 22 November 1971.

Gibraltarians and would be welcomed by them'.<sup>452</sup> The integrationists had made the campaign for what they termed 'real United Kingdom citizenship' (in reality, exemption from immigration restrictions) a central plank of their programme for government. When Douglas-Home visited Gibraltar in September 1971, Peliza sought assurances that any restrictions on Gibraltarians' right to enter the UK would be lifted once Gibraltar joined the EEC.<sup>453</sup> The Foreign Secretary thought Gibraltar was already in an 'advantageous position' compared to the rest of the Commonwealth, and would soon be governed by EEC rules on free movement, but foresaw 'complications' in making this change 'statutory'.<sup>454</sup> However, just a month later, when the issue was raised again at the behest of the European Commission in the context of the Treaty of Accession, it appeared that a statutory definition was precisely what was required. As the EID's John Mason pointed out:

we have to recognise, and lead others to recognise...that the present administrative privilege, not enshrined in law, whereby holders of Gibraltar passports enjoy exception from immigration procedures in the UK, will be subsumed by the provisions of the Treaty of Rome once we become members of the Community. Holders of Gibraltar passports will then have a legal right of freedom of movement within the Community, including of course the UK.<sup>455</sup>

The UK delegation in Brussels advised London that the 'negative' definition of UK nationals proposed, specifying only those 'exempt' from immigration control, carried a real

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<sup>452</sup> TNA FCO 42/461, The position of Gibraltar immigrants under existing legislation, 22 July 1970.

<sup>453</sup> TNA FCO 30/937, Briefing for Secretary of State's Visit to Gibraltar, 11 August 1971.

<sup>454</sup> TNA FCO 30/937, Extract of meeting at The Convent, 18 September 1971.

<sup>455</sup> TNA FCO 83/65, Mason to Cox, 3 November 1971.

risk that Gibraltarians might 'lose their rights by default through not being defined in the drafting of the Treaty'.<sup>456</sup> In December 1971, with the signing ceremony just weeks away, the question remained unresolved. According to the UK's own definition of what constituted a UK national under the terms of the 1971 Immigration Act, Gibraltarians would be excluded, as they were not considered 'patrials'. 'For us to say that a Gibraltarian was a UK national would therefore create difficulties', Mr Mason told the Home Office. While leaving Gibraltarians out altogether might deprive them of 'those rights under the treaty for which a definition of nationality' was required, including the right to free movement.

We have of course, in good faith, led the Gibraltarians to suppose that they will enjoy all the privileges of membership of the Community, except those which would have arisen from their inclusion in the customs territories, from which of course we have sought and obtained exclusion for them.<sup>457</sup>

A third option would be to include a statement in the treaty making it clear that a Gibraltar national was a UK national solely for the purposes of the treaty. The 'pros and cons' of these alternatives needed to be carefully weighed up, but time was pressing.<sup>458</sup> The Atlantic and Indian Ocean Department (AIOD), which had inherited responsibility for Gibraltar in a recent Whitehall shake up, predicted ministers would 'react strongly against any modification of Gibraltarian rights to enjoy freedom of movement in the Treaty of Accession'. While for its part, SED predicted 'Spanish delight' at such a move.<sup>459</sup> Following extensive consultation across Whitehall, but not apparently within Gibraltar itself,

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<sup>456</sup> TNA FCO 83/65, Mason to Middlemass, 22 November 1971.

<sup>457</sup> TNA FCO 30/938, Mason to Middlemass, 17 December 1971.

<sup>458</sup> Ibid.

<sup>459</sup> TNA FCO 30/938, Donohoe to Watt, 21 December 1971.



it was agreed the treaty should include two definitions, one for UK nationals and one for Gibraltar nationals. The Home Office was concerned that these ‘should be seen to be separate’.<sup>460</sup> In the final declaration, agreed not long before Heath signed the Treaty of Accession in January 1972, the UK included two separate definitions. The first covered CUKCs with the ‘right of abode’ in the UK and the second covered ‘persons who are citizens of the United Kingdom and Colonies by birth or by registration or naturalisation in Gibraltar, or whose father was so born, registered or naturalised’.<sup>461</sup> Significantly, this broad definition encompassed members of Gibraltar’s Indian community who were not yet included under the Gibraltarian Status Ordinance 1962. The resolution of the ‘nationality’ problem and the explicit mention of Gibraltarians in the UK Declaration, brought about one of the most tangible benefits of EEC membership. After 1973, passports issued to Gibraltarians had the words ‘Holder has right of abode in the United Kingdom’ crossed out, and replaced with ‘Holder is defined as a United Kingdom National for Community purposes’.<sup>462</sup> Moreover, this distinction later enabled Gibraltarians to secure the right to register as full British Citizens during the passage of the British Nationality Act in 1981.<sup>463</sup>

### 4.3.3 Sterling

On 22 January 1972, Heath signed the Treaty of Accession in Brussels and the European Communities Bill began its slow passage through Parliament. Although the government never lost a vote, its majority fell to single figures on no fewer than 16 occasions, reflecting concerns on both sides of the House about the historic step Britain was taking.

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<sup>460</sup> TNA FCO 30/938, Mason to Robinson, 14 December 1971.

<sup>461</sup> *Official Journal of the European Communities*, 27 March 1972, p. 196.

<sup>462</sup> Passport belonging to the author’s father.

<sup>463</sup> See Thomas Norton, “‘Isolated British Europeans’: How EEC Membership Helped the Gibraltarians Secure British Citizenship, 1962–1981”, *The Journal of Imperial and Commonwealth History*, DOI: 10.1080/03086534.2023.2197427

Emblematic of Britain's shift away from a system of trade centred around the Commonwealth to one centred on the EEC, was the decision to float sterling in June 1972 and to impose exchange controls on the overseas sterling area, with the exception of Ireland and the Crown Dependencies. France had repeatedly raised concerns throughout the negotiations about the extent of sterling balances held in London by overseas governments who were members of the sterling area. These contributed to the structural weakness in Britain's balance of payments and the stability of the pound, which had been French concerns at the time of De Gaulle's 1967 veto. More fundamentally, sterling's status as a reserve currency, backed by the dollar under the 1968 Basel agreement, was incompatible in French eyes with moves towards European economic and monetary union. At the summit with Pompidou in May 1971, Heath agreed to run down Britain's sterling balances after entry. However, it came as an unwelcome surprise on the Rock when Gibraltar was excluded from the list of scheduled territories in the new, streamlined overseas sterling area. Gibraltarian ministers expressed alarm, not just at the economic ramifications, but the political consequences, in particular the fear that it would be interpreted in Spain as a weakening of Britain's commitment to 'support and sustain' Gibraltar.<sup>464</sup> However as with the nationality question, it was Gibraltar's imminent entry into the EEC which altered the equation. Following repeated representations for Gibraltar's re-inclusion, Whitehall recognised 'the EEC argument' was 'likely to be the most telling in Gibraltar's favour'. Entry into the EEC in January 1973 clearly distinguished Gibraltar from 'the likes of Bermuda, Bahamas and Caymans' as 'unlike any other dependency, she has a claim to our eventually dismantling all UK restrictions under Article 124 of the EEC Treaty of Accession,' covering the free movement of capital. It was this argument which eventually won the day, and Gibraltar was re-included in the sterling area in January 1973.

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<sup>464</sup> FCO 30/1397, Burgner to Bailey, 15 December 1972.

#### 4.4 Return to a 'hard line'

Many hoped Britain's entry into Europe in January 1973 would mark the end of its long post-war search for a role. Certainly, there were early signs of a new found confidence on the world stage. Towards the end of January 1973, Julian Amery, the Minister of State for Foreign and Commonwealth Affairs, paid a two-day visit to Gibraltar and announced the Spanish blockade had 'failed'. Moreover, the time of Britain's dwindling influence in the world had passed, and from now on Britain would deal with Spain from a position of strength. The fact Gibraltar was joining the EEC with Britain was recognition that it was 'European, British and democratic' which was 'more than could be said for some of the others'.<sup>465</sup> In private, he expanded on this idea, telling officials:

The retreat from Empire was primarily a reflection of the shrinking of British power....With our accession to the EEC our weakness may pass and the stigma of "colonialism" will not attach so directly to EEC as to the old nation states.<sup>466</sup>

The fanfare accompanying Britain's accession to the EEC stood in marked contrast to Spain's deteriorating position. According to one Spanish diplomat, enlargement was a 'nightmare' for Spain's 1970 agreement with the EEC.<sup>467</sup> The new members significantly undermined the value of the preferential trade deal Spain had concluded just three years earlier. Before enlargement, 60 per cent of Spain's agricultural exports received

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<sup>465</sup> 'Mr Amery considers Spain's blockade has failed,' *Gibraltar Chronicle*, 24 January 1973, p.1.

<sup>466</sup> TNA FCO 86/104, Roberts to Hamilton Jones, 30 January 1973.

<sup>467</sup> Raimundo Bassols, *España en Europa: historia de la adhesión a la CE 1957-85* (Spain, Política Exterior, 1995), p.72.

preferential treatment, but this would fall to 20 per cent in the new Community of nine.<sup>468</sup> Britain's accession was particularly problematic given it was one of Spain's best customers and already traded on comparatively favourable terms. To make matters worse, the EEC had signed an agreement with the remaining EFTA countries, including Portugal, in the summer of 1972, on the gradual elimination of tariffs, meaning that Spain would be left in a worse position vis-a-vis the EEC than virtually every Western European country. Although the EEC recognised the trade agreement would be radically altered by enlargement, several member states, including France and Italy, were reluctant to grant further agricultural concessions to a direct competitor. Eventually a complementary protocol was agreed enabling Spain to continue trading with the three new members on existing terms for a year while a new deal was hammered out. By now the optimism that had greeted López-Bravo and Douglas-Home's first meeting in Luxembourg in June 1970 felt like a distant memory. Less than three years later, Britain and Gibraltar were members of an enlarged EEC, while Spain's much heralded trade agreement was already, in López-Bravo's words, 'outdated'.<sup>469</sup> More than that, as Amery could not help pointing out, it was Britain perhaps more than any other member that was best placed to help Spain, provided that it adopted a less 'intransigent' attitude towards Gibraltar.<sup>470</sup> If all this seemed a long way from the early optimism of the *nuevo clima* it was because the intervening years had, like a slow puncture, deflated any hopes that a rapprochement between Britain and Spain might lead to progress on Gibraltar. It was not for lack of trying. After their Luxembourg meeting, López-Bravo and Douglas Home had met on the margins of a UN meeting in New York and agreed to try and improve Anglo-Spanish relations across the board while

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<sup>468</sup> TNA FCO 83/152, Secretary of State's Visit to Madrid (Annex A to Brief No 4), 22 February 1972.

<sup>469</sup> 'Spain asks for closer ties with the EEC,' *Gibraltar Chronicle*, 1 February 1973, p.1.

<sup>470</sup> Gabriel Cisneros, 'Los términos de un problema dolorido: Gibraltar,' *Blanco y Negro*, 3 February 1973, p. 37.

leaving the Gibraltar question 'to one side'.<sup>471</sup> Indeed, in a wider sense, relations did improve. Reciprocal ministerial visits and naval cooperation resumed and commercial relations developed. Officials from both countries were given the task of looking with fresh eyes at the Gibraltar question, and in February 1972 the Foreign Secretary undertook a three-day visit to Madrid for the first formal talks on Gibraltar since March 1968. Despite plenty of warm words in public, frequently couched in the language of European unity, the talks ran aground after both sides expressed very different expectations about where they were headed. Later that year, López-Bravo returned the visit, this time armed with a document which proposed scrapping the Treaty of Utrecht, bringing the Gibraltarians under the Spanish Crown, and putting the relationship between Britain and Spain on a more modern footing which embraced 'the new economic relationship...to emerge from the common market'.<sup>472</sup> It was clear that the process begun in 1970, which in diplomatic parlance had been termed 'thinking together' and later 'working together', had reached a critical juncture. Although the talks had been cordial, fundamental differences had surfaced early on, not least the UK's commitment to respecting the wishes of the Gibraltarians as enshrined in the 1969 constitution, and Spain's insistence that nothing less than a complete transfer of sovereignty over the Rock would be acceptable. By the summer of 1972, López-Bravo had little to show from two years of his new approach to Gibraltar, and his own position was in jeopardy. He told Heath that a good agreement would be 'in the common European interest' but he would struggle to keep the negotiations going without help from the British side.<sup>473</sup> The talks limped on for a further ten months, during which Douglas-Home visited Madrid again in November 1972, but there were few signs of progress. In May 1973, López-Bravo returned to London for a final time, warning he had

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<sup>471</sup> TNA PREM 15/1580, Note on Anglo-Spanish Relations and Gibraltar, 2 March 1971.

<sup>472</sup> TNA PREM 15/1580, Russell to FCO, 6 July 1972.

<sup>473</sup> TNA PREM 15/1580, Record of a Conversation between the Prime Minister and Spanish Foreign Minister, 20 July 1972.

reached ‘the limit’ of discussion and the ‘alternative was confrontation’. The hour-long meeting did not go well. He insisted Britain should simply ‘tell the Gibraltarians’ what was in their best interests, while Heath was adamant that any attempt to exert pressure on the Gibraltarians would only make matters ‘worse’.<sup>474</sup> The meeting marked the end of the road as far as high-level ministerial talks were concerned. After ‘thinking together’ and ‘working together,’ the process entered the realm of the absurd. There would now follow a period of ‘meditating together separately,’ López-Bravo solemnly informed reporters. After all the work on both sides, what was needed now was ‘a period of reflection’.<sup>475</sup> López-Bravo would have plenty of time for reflection following his dismissal a few weeks later. It soon became apparent that his replacement, Laureano López Rodó, would swing the pendulum of Spanish policy towards Gibraltar in the opposite direction. He used his first major speech, at the Conference on Security and Co-operation in Europe (CSCE) in Helsinki, to publicly lament the end of talks with Britain on Gibraltar, whose colonial status his government could never accept. In the same month Admiral Carrero Blanco told the *Cortes* that he would raise the Gibraltar dispute ‘in every forum’ and duly sent a note to the UN Secretary General denouncing Britain’s violation of UN resolutions.<sup>476</sup> López Rodó himself took ‘a predictably hard line’ when he appeared in front of the UN in September 1973.<sup>477</sup> As the Governor of Gibraltar lamented, ‘all the indications are that the new climate is at an end’. Despite three and a half years in which the Gibraltar issue had been played in ‘a low key,’ López-Bravo had done nothing to reverse the restrictions at the frontier imposed by his predecessor.<sup>478</sup> Indeed López Rodó was left with few options with

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<sup>474</sup> TNA PREM 15/1580, Record of a Conversation between the Prime Minister and Spanish Foreign Minister, 8 May 1973.

<sup>475</sup> TNA PREM 15/1580, Farquharson to FCO, 10 May 1973.

<sup>476</sup> TNA FCO 86/161, Gibraltar: A Chapter 1969-73, 6 September 1973.

<sup>477</sup> TNA CAB 128/53/4. Conclusions of a Meeting of the Cabinet, 2 October 1973.

<sup>478</sup> TNA FCO 86/161, Gibraltar: A Chapter 1969-73, 6 September 1973.

which to demonstrate the regime's '*vuelta a la línea dura*' although Gibraltar-registered yachts were banned from calling at Algeciras, removing one of the last direct links with Spain.

Not coincidentally, Spain's frustration at the lack of progress over Gibraltar was matched by a lack of progress in its relations with the EEC. The Community offered Spain an updated agreement in July 1973, which Spain denounced as 'absolutely unsatisfactory'.<sup>479</sup> Although a new mandate was eventually agreed in November 1973, which appeared more compatible with Spanish aspirations, the negotiations were overshadowed by the Yom Kippur war and the beginning of the oil crisis, while the assassination of Carrero Blanco by Basque separatists on 20 December 1973 precipitated a fresh wave of government repression and condemnation from European capitals, and led to the formation of a new government under Carlos Arias Navarro and the dismissal of Lopez Rodó. Meanwhile the 'standstill' agreement on trade with the new EEC members expired on 31 December 1973 amid growing confusion over what would happen next. As if that was not complicated enough, the Labour Party was returned to power in the UK in February 1974, on the back of a promise to completely re-negotiate the terms of Britain's EEC membership. Community life would once again be 'paralysed' by the British question.<sup>480</sup>

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<sup>479</sup> Francisco Martos Robles, 'Un año de política exterior española', '30' del grupo 'Mediterráneo / Prensa y Radio del Movimiento' - Año XXXVI Número 10923, 30 December 1973.

<sup>480</sup> Alonso, *España en el Mercado Común*, p.103.

#### 4.5 Gibraltar: a 'divided city'

Although many Gibraltarians had welcomed the resumption of Anglo-Spanish talks, against the backdrop of a mutual move towards Europe, it did not take long for suspicions to be aroused. The virulence of the Spanish propaganda campaign in the 1960s had at first united Gibraltarians but after 1969, trapped behind a closed frontier, some found the eerie silence of the *nuevo clima* a little unnerving. This was compounded by a domestic political scene in turmoil following the ejection of the AACR. The result was political 'fragmentation' and the 'rapid disintegration' of the old Gibraltarian unity.<sup>481</sup> One Gibraltarian writer summed up the situation a year into the new siege by complaining that 'compared to September 1964, Gibraltar today is a divided city. A city of bitterness, of divisive attitudes, of evasions and political delusions'.<sup>482</sup> Existing divisions were exacerbated by the artificial conditions created by the closed frontier. Almost overnight trade unions acquired huge bargaining power as a result of the loss of Spanish labour, while the commercial class of traders centred around Main Street had to face up to the loss of over-the-counter sales to Spanish workers and tourists. Long-simmering class tensions resurfaced, often connected to very different ideas for Gibraltar's future, which spanned the spectrum from integration with Britain to some form of accommodation with Spain. The resumption of talks between Spain and Britain in 1972, four years after they had been broken off, sent the local rumour-mill into overdrive. Behind the scenes, officials in London and Madrid pitched a range of ideas to break the impasse, from condominium or shared sovereignty, to the idea of formally transferring sovereignty to Spain in return for a long lease back to Britain. While the talks were only meant to be exploratory, they were nevertheless the subject of feverish speculation in Gibraltar where, sooner or later, the

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<sup>481</sup> Alfonso Barra, 'Se Fragmenta La Unidad De La Población Gibraltareña', *ABC*, 22 April, 1970, p. 35.

<sup>482</sup> Isaac Benyunes, 'Gibraltar - unloved and unhated Rock', *Gibraltar Chronicle*, 21 September 1970, p.1.



proposals would have to be shared with Gibraltar's elected representatives. When they were, the results could hardly have been more explosive, and provide a striking example of the way in which efforts to repair Anglo-Spanish relations could impact local politics. On 15 May 1972, the Governor called Peliza and Hassan into his office to canvass their views on the ideas being discussed by the two foreign secretaries. When asked directly about the 'leaseback' option, Peliza dismissed it out of hand, unwilling to contemplate anything which might diminish British sovereignty.<sup>483</sup> Hassan, in contrast, told the Governor it could be worth looking at, if only to keep the dialogue going. Despite the confidential nature of the briefing, Peliza could not resist trying to make political capital out of the accusation that Hassan had favoured a lease. The following day he called on the Governor to dissolve the House of Assembly and hold an early election. The leaseback allegation became the central issue in a stormy election campaign that put Gibraltar's increasingly volatile political scene on full public display. There were other factors at play. Peliza feared one of his coalition partners might be about to cross the floor and deprive him of a governing majority. While the previous year the AACR's executive committee had voted to disaffiliate the Gibraltar-branch of the Transport and General Workers Union (TGWU) amid fears about growing militancy within its ranks. When the TGWU subsequently threw its weight behind the IWBP, Peliza may have calculated that, shorn of its left-wing support, the AACR would prove no match for the IWBP at the ballot box. Despite the increasingly fragmented political scene, the election on 23 June 1972 was a straight fight between Hassan's AACR and the IWBP, which now included the Isola brothers under the party banner. The so-called 'Big Lie' election was according to one participant 'by far, the most vicious' in recent Gibraltar history and showed the Rock to be 'totally polarised in two distinct camps'.<sup>484</sup> The result could hardly have been closer, with just a few hundred votes separating the two

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<sup>483</sup> Jackson and Cantos, *From Fortress to Democracy*, p.176.

<sup>484</sup> Canepa, *Serving My Gibraltar*, pp.59-62.

parties. But Peliza's gamble backfired and all eight of Hassan's AACR candidates were returned, enabling the veteran leader to return to power after less than three years in opposition. He would remain at the helm uninterrupted until his retirement 15 years later. While Hassan's return was broadly welcomed in the Anglo-Spanish context, with López-Bravo believing he might be more 'amenable' than his predecessor, the election had once again put the sovereignty issue front and centre. A month after the election, López-Bravo presented British ministers with the outline of a 'new deal' for Gibraltar, which would see the territory incorporated as an autonomous province in the Spanish realm.<sup>485</sup> Hassan was called to London in August 1972 and briefed on the latest Spanish proposals which remained, in his view, totally unacceptable.<sup>486</sup> Following a further meeting in September, it was agreed for the first time in the long-drawn out process of 'thinking together' that a Gibraltar representative should be brought into the talks. This was highly significant because the Spanish government had previously insisted that any agreement on Gibraltar's future could only be concluded between the original signatories to the Treaty of Utrecht, and were reluctant to even admit the existence of a third party. In Gibraltar, although the network of informal and familial links to Spain remained strong, any hint of clandestine contact between Gibraltarians and officials from the Franco regime remained deeply controversial and revelations about meetings of this sort had even led to rioting in 1968.<sup>487</sup> On top of that, as we have just seen, the allegation that Hassan might be open to a leaseback arrangement with Spain had been the main issue in a fiercely fought election. It was a sign of López-Bravo's desperate need for progress that he was now prepared to suggest direct contact with Gibraltar's Chief Minister. Arranging the meeting and

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<sup>485</sup> TNA PREM 15/1580, Russell to FCO, 6 July 1972.

<sup>486</sup> TNA PREM 15/1580, Comment on the Spanish Proposals

<sup>487</sup> The revelation in April 1968 that six Gibraltar lawyers and businessmen had been holding informal talks with MFA officials about a future settlement for Gibraltar led to a day of rioting and the destruction of property belonging to these self-styled *Palomos* [Doves].

maintaining 'secrecy' presented its own difficulties, but, not for the last time, the institutions of the new Europe would provide the setting.<sup>488</sup>

In February 1973, Hassan headed to Brussels as the leader of an EEC territory for the first time, in a visit presented as an opportunity to familiarise himself with the Community's institutions. However, as Douglas-Home confided, the 'primary purpose' of the visit was 'to hold a secret meeting with a personal emissary of the Spanish Foreign Minister for exploratory talks about Gibraltar'.<sup>489</sup> Brussels merely provided 'convenient neutral ground'.<sup>490</sup> The Chief Minister and his administrative secretary, Joe Pitaluga, were entertained by the UK representative to the EEC, Sir Michael Palliser, and met with various Commission officials, including Renato Ruggiero, the director general for regional policy. Hassan even held a press conference in the lobby of his hotel and impressed the correspondent from *La Vanguardia* with his 'very Andalusian affable manner'.<sup>491</sup> The latter quoted Hassan as saying that in a united Europe 'it would not make much difference whether Gibraltar was integrated with Great Britain or Spain' but it would be inconceivable for Spain to enter the Common Market 'and keep its frontier...closed'.<sup>492</sup> The Spanish newspaper's story was spiked by the official censor, an indication of the extreme sensitivity the regime continued to attach to Gibraltar's link with the EEC.<sup>493</sup> The clandestine side of Hassan's trip would in time prove similarly controversial although the five-hour meeting itself, inside the Hotel Amigo in the centre of Brussels, was amicable enough. The foreign minister's representative was a recently retired diplomat, Jaime Argüelles, who handed

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<sup>488</sup> TNA FCO 9/1660, Butler to Wright, February 1973.

<sup>489</sup> TNA FCO 9/1660, Douglas Home to UKREP Brussels, 29 January 1973.

<sup>490</sup> TNA FCO 9/1660, Butler to Wright, February 1973.

<sup>491</sup> TNA FCO 9/1660, Ferguson to Shaw, 6 March 1973.

<sup>492</sup> *Ibid.*

<sup>493</sup> *Ibid.*

Hassan a copy of López-Bravo's proposed constitution for a semi-autonomous Gibraltar within the Spanish realm. Hassan, believing he was bound by diplomatic confidentiality, chose not to go public with details of the Spanish proposal, which differed little from Castiella's 1966 plan. There the matter might have rested, were it not for the dismissal of López-Bravo later that year, and the return to a hard line outlined above. When Gibraltar was the subject of a special report in *The Times* in September 1974 which virtually ignored the Gibraltarian perspective, Hassan wrote to redress the balance and in a throwaway remark near the end of his letter mentioned that Spain had never disclosed details of its 'special regime' for Gibraltar.<sup>494</sup> Ten days later, Manuel Fraga Iribarne, who had been appointed Spanish Ambassador in London by López Rodó the previous year, disclosed that full and detailed information on the proposed regime had been given to 'a distinguished Gibraltarian' at the beginning of 1973.<sup>495</sup> Fraga's letter forced Hassan to reveal details of the secret meeting in Brussels the previous year, to some astonishment and no little political embarrassment back home. The whole episode served to deepen the sense of mistrust in Gibraltar over the clandestine nature of the entire Anglo-Spanish process, and to confirm the growing suspicion in some quarters that Britain might be trying to slip Gibraltar into Spain 'under the cloak of European unity'.<sup>496</sup> Furthermore, the revelation came at a moment when, for a variety of reasons, the sense of optimism that had greeted Britain and Gibraltar's entry into Europe was beginning to fade.

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<sup>494</sup> Sir Joshua Hassan, 'Gibraltar and Spain', *The Times*, 14 October 1974, p.15.

<sup>495</sup> Manuel Fraga Iribarne, 'Gibraltar and Spain', *The Times*, 23 October 1974, p.13.

<sup>496</sup> Jackson and Cantos, *From Fortress to Democracy*, p. 177.

#### 4.6 The 'EEC card'

Many Gibraltarians shared Peliza's view that entry into Europe in 1973 had provided a much-needed 'boost to...morale' following years of difficulty with Spain. However, just 18 months into Gibraltar's membership, even ardent pro-Europeans like Peliza were starting to have their doubts. In fact, as he told one of Britain's first European Commissioners, George Thomson, EEC membership had in some respects 'added to the distress of the harassed people of Gib'. It had led to a rise in the cost of living and 'no aid' had been forthcoming from Brussels 'even as a gesture of support'. More troubling still, as far as Peliza was concerned, Spain seemed to be 'doing well' out of its EEC trade agreement 'with Britain's help'.<sup>497</sup> Peliza's complaint hinted at what would become a recurring theme over the next decade, the extent to which Britain could, or should, use Spain's own European aspirations as leverage when it came to Gibraltar. It had long been recognised within Whitehall that in the long term, the power to veto any Spanish application to the EEC might one day be 'the best card in our hand'.<sup>498</sup> However, while Franco remained in power, a new Spanish application seemed a remote prospect. This did not mean Britain could not use its new-found leverage in other areas, most obviously, in the on-going negotiations between Spain and the EEC for an extension of its 1970 trade agreement to the Community's newest members. As we have seen, Spain concluded a one-year 'standstill' agreement in January 1973, shortly after the UK's accession, in order to carry on trading on existing terms with the three new members. Without it, the UK would have had to introduce a range of tariffs on Spanish imports from the first day of membership. In Spain's quest for a new agreement, Britain, as one of the largest importers of Spanish agricultural goods, was considered a natural ally, while Mediterranean members, such as

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<sup>497</sup> TNA FCO 30/2213 Peliza to Thomson, 4 June 1974.

<sup>498</sup> TNA PREM 15/1580, Alexander to Bridges, 19 September 1973.

France and Italy, were most resistant. This certainly gave Britain leverage, but there was disagreement over whether it should be used to bring about a change in Spain's policy towards Gibraltar. The British Ambassador in Madrid thought Spain's difficulty in negotiating satisfactory trading arrangements with the EEC offered a way forward when it came to Gibraltar.<sup>499</sup> Others thought the time was not yet 'ripe' to play the 'EEC card' and argued a 'trade war with Spain over Gibraltar' would 'serve nobody's interests'.<sup>500</sup> Interestingly this was a view shared by Hassan, who doubted whether Britain would wish to exert pressure on Spain in the context of EEC trade or indeed whether such pressure 'would be productive'. Instead he thought the 'moment to influence the Gibraltar situation through the EEC' would come 'at the point when Spain applies for membership'.<sup>501</sup> If Britain did attempt to use its leverage to ease the situation at Gibraltar, it was a decision that would need to be taken at the highest level. In the summer of 1973, after the discernible hardening of the Spanish attitude towards Gibraltar following López-Bravo's dismissal, and with Spain's talks with the EEC dragging on, Heath wondered whether Britain might 'work for delay in these negotiations, until the Spaniards stop their objectionable activities with regard to Gibraltar'.<sup>502</sup> The Prime Minister was informed that the whole 'question of EEC leverage' was 'continually under review'.<sup>503</sup> It was acknowledged that Spain still pressed the UK to be 'helpful to them over the Common Market' while simultaneously being distinctly 'unhelpful' when it came to Gibraltar. But Britain was for the most part happy to assist Spain because 'it suited our own commercial interests'. The British government had no desire to see the kind of steep price increases

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<sup>499</sup> TNA FCO 30/1812, Gibraltar and the EEC, 27 April 1973.

<sup>500</sup> TNA FCO 9/1660, Spain: Gibraltar and the EEC, 25 February 1973.

<sup>501</sup> TNA FCO 30/1812, Champion to Larmour, 6 July 1973.

<sup>502</sup> TNA PREM 15/158, Bridges to Grattan, 11 September 1973.

<sup>503</sup> TNA PREM 15/1580, Alexander to Bridges, 19 September 1973.

on Spanish agricultural goods that would result from lack of an agreement, nor, as a relatively new member of the club, did it wish to drag its new EEC partners into 'being beastly to Spain' for 'essentially political reasons' connected to Gibraltar. Nevertheless, it was hoped that the very existence of the Community and Spain's need to live with it would act as 'a restraining factor'. If Spain did 'commit some real lunacy over Gibraltar,' however, it might be necessary 'to think again'.<sup>504</sup> In the end, even British support was not enough to ease the considerable difficulties Spain was encountering with the EEC. A new mandate, agreed by the Council of Ministers in June 1973, was far from satisfactory from Spain's perspective, and by November 1973 the European Commission had concluded there was little chance of agreeing a new deal before the 'standstill' arrangement expired at the end of the year. The Yom Kippur war and the resulting oil crisis further derailed any chance of progress, and prompted 'lengthy arguments' inside the Community over what to do next.<sup>505</sup> Despite coming under pressure from other EEC members, the UK decided to unilaterally apply its own standstill arrangement to trade with Spain until July 1975, although ministers were forced to admit this was 'doubtfully legal'.<sup>506</sup> The UK's willingness to assist Spain was driven primarily by economic self-interest, and in particular the £100 million worth of Spanish agricultural goods it imported annually.<sup>507</sup> Nor was this pragmatic policy limited to the Conservatives. When the Labour Party was returned to power in February 1974, it did nothing to alter the terms of trade with Spain, even as Wilson appeared intent on a wholesale re-negotiation of what he called 'the Tory terms' of Britain's membership of the EEC.<sup>508</sup>

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<sup>504</sup> TNA PREM 15/1580, Alexander to Bridges, 19 September 1973.

<sup>505</sup> TNA CAB 193/79, EEC/Spain: Implications of Suspension of Negotiations, 10 October 1975.

<sup>506</sup> TNA CAB 193/79, Callaghan to Shore, 17 October 1975.

<sup>507</sup> TNA CAB 193/79, Pearson to Maitland, 5 November 1975.

<sup>508</sup> Robert Saunders, *Yes to Europe! The 1975 Referendum and Seventies Britain* (Cambridge: Cambridge University Press, 2018), p. 65.

#### 4.7 Re-negotiation and referendum

From the moment Heath re-launched Britain's bid for EEC membership in June 1970 to the publication of the government white paper in July 1971, the issue enjoyed broad bipartisan support in the House of Commons. However in 1971, Labour leader Harold Wilson withdrew his backing and committed his party to re-negotiating the terms of Britain's entry. During the passage of the European Communities (EC) Bill, Labour MPs were told to vote against, and the Bill only passed because 69 Labour MPs defied the party leadership. With Labour hopelessly split, the idea of putting the whole question to a nationwide referendum slowly gained ground, with James Callaghan memorably describing it as a 'rubber life raft into which the whole party may one day have to climb'.<sup>509</sup> The shadow cabinet committed to the idea in March 1972, prompting the resignation of Labour's avowedly pro-European Deputy Leader, Roy Jenkins, and his protégé, David Owen. At the February 1974 general election, Labour promised a 'fundamental re-negotiation of the terms of entry' but Wilson's minority government was defeated 29 times over the next five months and another election became inevitable.<sup>510</sup> Labour's manifesto in October 1974 was even more explicit, pledging to 'consult the people through the ballot box' on the re-negotiated terms.<sup>511</sup> The party secured a narrow three-seat majority and the re-negotiation commenced soon after. Although Wilson claimed to find no fewer than 17 aspects of Heath's EEC deal objectionable, the settlement reached with Brussels over Gibraltar was not one of them. When Roy Hattersley, Secretary of State for Commonwealth Affairs, was asked in Parliament whether the government intended to re-

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<sup>509</sup> Young, *This Blessed Plot*, p.275.

<sup>510</sup> *Ibid.*, p.278

<sup>511</sup> *Ibid.*, p.280.



consider Gibraltar's position in the EEC during the talks, he simply replied 'No'.<sup>512</sup> Nevertheless, officials recognised that if the UK decided to withdraw from the EEC, the treaties would 'no longer apply to Gibraltar'.<sup>513</sup> At the time the Referendum Bill was being debated in Parliament, there had never been a UK-wide referendum on any subject, although the device had been used in Malta, Northern Ireland, Wales and of course, Gibraltar in 1967, a fact that was repeatedly referenced during the passage of the bill. What no one mentioned was whether the Gibraltarians themselves would be given an opportunity to vote. Clearly, the result of the referendum would have major ramifications for Gibraltar, a point taken up by 'John Castle' in the Gibraltar newspaper *Vox*:

In June the people of Britain will decide directly by referendum whether they wish to leave the European Economic Community. If their decision is crucial for Britain it is much more crucial for the people of Gibraltar.<sup>514</sup>

Gibraltarians risked losing the 'absolute right of finding employment in Britain' and 'all the other rights enjoyed in Britain' which derived from their status as EEC nationals. It would be 'a tragedy' if Gibraltarians had to once again rely on an 'administrative arrangement' to access the 'mother country' but this was just one of 'many rights and prospects' which might be lost. The writer was fiercely critical of the 'lethargic attitude' of the Hassan-led government on the issue, which he feared would be taken in Whitehall as a 'sign of the indifference on the part of the Gibraltarians'.<sup>515</sup> Much of the debate in parliament centred around whether there should be a central count in London or regional based counts, with

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<sup>512</sup> TNA FCO 30/2213, 'Parliamentary Question for Oral Answer' on 27 November 1974.

<sup>513</sup> TNA FCO 30/2213, Written PQ Mr Biggs-Davison - Notes for Supplementaries, 14 November 1974.

<sup>514</sup> TNA HO 344/574, 'John Castle', *Vox*, 15 February 1975.

<sup>515</sup> *Ibid.*

the latter carrying the risk of exposing divisions amongst the UK's home nations.

Eventually county-based tallies were agreed upon, and British service personnel stationed overseas were permitted to vote in advance, but Gibraltarians were not. This created the absurd situation whereby 2,838 service personnel and their spouses stationed on the Rock were able to cast a ballot in five special voting units on 4 June 1974, the day before the main vote in the UK, while Gibraltarians could only watch and wait. On the eve of the UK poll, a writer to the *Gibraltar Chronicle* took up the question:

No one has yet written to protest that whilst most British citizens will have the opportunity tomorrow to cast their vote upon Britain's future in Europe, we who are just as much citizens of Britain are to be denied the franchise on a matter which affects this bit of Britain not a whit less than it does the whole...we now have the prospect, like children wistfully peeking in at an adult party, of watching our electoral elders and betters cast their vote: the Services today in Gibraltar and the rest tomorrow in Britain.<sup>516</sup>

The writer argued that while the Gibraltarian ballots would have made little difference to the overall count it was 'the principle that counts' and Gibraltarians 'should have been entrusted with the vote'.<sup>517</sup> His suggestion that the *Gibraltar Chronicle* might help engender a sense of participation by organising an informal vote was seized upon by the paper which printed a 'Do you Think Britain Should Stay in Europe?' ballot and invited readers to send in their votes. The result, announced two days later, was 89% for Yes, and 11% for No, although the paper was forced to admit the response had hardly been

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<sup>516</sup> Peter Lock, 'Europe Vote', *Gibraltar Chronicle*, 4 June 1975, p. 2.

<sup>517</sup> *Ibid.*

'overwhelming'.<sup>518</sup> In the UK, the final official tally revealed 67.23% in favour of staying in the EEC, to 32.77% against, leading Wilson to declare that the referendum had finally settled 'fourteen years of national argument'.<sup>519</sup>

#### 4.8 The end of the IWBP

Although the IWBP had been narrowly defeated in 1972, the party was far from being a spent force and two events in the summer of 1975 helped bolster the integrationist cause. The first, as we have seen, was the result of the June 1975 referendum on the UK's membership of the EEC. The IWBP hailed it as a 'resounding victory' for 'European integrationists' and argued Gibraltar could learn 'a political lesson' from the referendum:

For ten years Gibraltar has been as divided over its constitutional relationship with Britain as Britain was with Europe... Now that Britain is to remain in the EEC the situation is less risky and the integrating process of Britain with Europe will to some extent carry with it some aspects of integrating Gibraltar with Britain.<sup>520</sup>

However Hassan remained opposed to integration with Britain and only a referendum on the question could finally end the political division of Gibraltar.<sup>521</sup> The following month, the integrationists received another boost with the publication of the long-awaited Scamp report into industrial relations in Gibraltar. After the 1972 election, Gibraltar had been

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<sup>518</sup> A decisive 'Yes' in EEC referendum,' *Gibraltar Chronicle*, 7 June 1975, p.1.

<sup>519</sup> Quoted in Saunders, *Yes to Europe!* p.367.

<sup>520</sup> John Castle', 'The Stigma of Colonialism,' *Vox*, 14 June 1975.

<sup>521</sup> *Ibid.*

plunged into a period of pronounced industrial unrest, beginning with a general strike in August 1972 backed by the TGWU and the IWBP. The links between the political party and the largest trade union on the Rock had crystallised into something like a formal alliance, and in 1974, Joe Bossano, an IWBP member of the House of Assembly, became branch secretary of the TGWU. Both party and union took up the call for 'parity' or the equalisation of pay rates between Gibraltar workers and their British counterparts. Hassan had rejected parity in September 1974, in part because he was suspicious of the link between the TGWU and his political opponents, the IWBP, who regarded parity as another step on the road to integration with Britain. After weeks of industrial unrest, the issue was referred to Sir Jack Scamp, whose final report was published in July 1975. Scamp concluded that wage and salary levels in Gibraltar should 'bear some relationship with those negotiated in the UK' and recommended fixing wages at 80 per cent of UK levels.<sup>522</sup> The Scamp report's partial acceptance of the need for 'parity,' which even the Governor conceded 'carried with it connotations of integration,' combined with the UK's re-commitment to European-wide integration, provided a fillip to the IWBP's political prospects.<sup>523</sup> Despite being ousted by the AACR in 1972, and receiving little encouragement from the British government, the IWBP had never abandoned its ultimate aim of political integration with the UK. The House of Assembly's Constitution Committee had been investigating further options for reform since the beginning of 1975, heavily influenced by integrationist ideas. However by the autumn of 1975, with Franco entering the final weeks of his life, Britain already had one eye on future relations with a democratic Spain. Here the integrationists presented a potential obstacle, at least according to some, not just because of the 'inflexibility of their anti-Spanish policy' and alliance with an 'irresponsible trade union' but because any form of integration with Britain, political or economic, would be incompatible

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<sup>522</sup> Garcia, *The Making of a People*, p.167.

<sup>523</sup> TNA FCO 86/392, Gibraltar: Annual Review for 1975, 15 January 1976.

with a long-term solution involving Spain.<sup>524</sup> Hassan, now 60 years old, had expressed doubts about standing again in 1976 and in September 1975 the Deputy Governor, Howard Davis, advised London that it was the IWBP, and not Hassan's AACR, that was 'better placed' ahead of the next election. One way to inspire Hassan to put himself forward for re-election and to 'militate' in his favour would be 'a clear sign that integrationist proposals are unacceptable to HMG'.<sup>525</sup> At the end of September, Roy Hattersley was despatched to Gibraltar with the explicit objective of stating the British government's position on 'tendencies unhelpful to our interests'.<sup>526</sup> At a press conference towards the end of his visit, Hattersley reminded Gibraltarians that the Scamp report was 'a wholly unpolitical document' and it would be 'wrong to base any policies or any plans on the belief that Gibraltar could be completely integrated with the United Kingdom'.<sup>527</sup> Hattersley knew full well that the IWBP, the principal political opposition to Hassan, based their policies on just such a belief, and the party's new leader, Maurice Xiberras accused the visiting minister of a 'heavy handed attempt to ensure that Sir Joshua Hassan wins the next elections'.<sup>528</sup> The incident prompted the IWBP to boycott the House of Assembly for a month, and in November 1975 Joe Bossano resigned from the party, believing integrationism to be a lost cause. Twelve days after Hattersley's visit, Franco died and King Juan Carlos ascended the throne. It was now clear that change was coming to Spain and the message Hattersley had delivered in Gibraltar hardened further. When Xiberras and Hassan travelled to London the following year to present the Constitution Committee's final proposals, proposals which veered perilously close to integration, they were told in no

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<sup>524</sup> TNA FCO 86/373, Mr Hattersley's visit to Gibraltar, 24-26 September 1975.

<sup>525</sup> TNA FCO 86/373, Internal and Political Brief No. 3, 24-26 September 1975.

<sup>526</sup> TNA FCO 86/373, Mr Hattersley's visit to Gibraltar, 24-26 September 1975.

<sup>527</sup> TNA FCO 86/374, Grandy to FCO, 26 September 1975.

<sup>528</sup> TNA FCO 86/374, Xiberras to Governor, 29 September 1975.

uncertain terms that the developing situation in Spain had changed everything. In a document handed to them by the FCO, known today as the ‘Hattersley Memorandum,’ the UK government explicitly ruled out integration with Britain, independence, or indeed any constitutional ‘innovations’ which might ‘make the development of a more favourable Spanish attitude to Gibraltar less likely’.<sup>529</sup> The effect on the IWBP was devastating. With elections planned for later that year, the party’s main plank had been publicly demolished, Xiberras resigned as leader and the party disintegrated.

#### 4.9 Conclusion

Despite the disappearance of the integrationist party, forceful advocates of Europe-wide integration, and the rocky start to Gibraltar’s EEC membership, Franco’s death brought renewed hope that a solution might yet be found in a united Europe. In the new King’s first public message he said Europe should include Spain, and ‘we Spaniards are Europeans’ — as Bassols puts it, ‘mas claro, agua’.<sup>530</sup> Moreover faith in a European solution was sufficiently vague to encompass a broad swathe of Gibraltarian society, from the small minority who favoured an accommodation with Spain, to those who wished to integrate, economically or politically, with Britain. As the British Ambassador vividly put it just a few weeks after accession, ‘the solution must lie in some kind of slow and gentle process of agglutination within the European Community, whose digestive juices will surely be strong enough to erode in time the barbed wire now so abrasively stretched across the isthmus’.

<sup>531</sup> But the first two years of Britain’s membership had coincided with the final two years of

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<sup>529</sup> Garcia, *The Making of a People*, p. 170.

<sup>530</sup> [clearer, water.]

HAEU, Oral History Collections: Voices on Europe, *Raimundo Bassols Jacas* (1998) <[https://archives.eui.eu/en/oral\\_history/INT623](https://archives.eui.eu/en/oral_history/INT623)> [accessed 11 September 2023].

<sup>531</sup> TNA FCO 9/1657, Russell to Varyl Begg, 13 February 1973.

Franco's life, when the prospect of closer ties between Spain and the EEC appeared remote. Following the signing of the 'standstill' agreement in January 1973, Spanish-EEC relations entered a period of what Alonso calls 'extreme confusion'.<sup>532</sup> The assassination of Carrero Blanco at the end of 1973 ensured that the regime's final years were mired in violence and repression. His replacement as Prime Minister, Carlos Arias Navarro, was a 'living symbol of Francoist repression' nicknamed 'the butcher of Málaga' for his role in the summary execution of thousands of Republicans during the civil war.<sup>533</sup> Navarro dismissed the last remaining technocrats from the government and clamped down hard on dissent. The execution by garrote of the Catalan anarchist Salvador Puig and Heinz Chez in March 1974 provoked a 'new crisis in Europe' just as Spain was trying to negotiate a modification of the 1970 agreement.<sup>534</sup> Following angry protests from the European Commission, negotiations with the EEC stumbled on but were eventually suspended completely in October 1975 following Franco's decision to proceed with the execution of five suspected terrorists. The final killings of the Franco era prompted a 'veritable explosion' of international protest and eight of the nine EEC member states withdrew their ambassadors from Madrid.<sup>535</sup> As Crespo MacLennan concludes, the magnitude of the European reaction was 'undoubtedly influenced by the belief that the Francoist regime was reaching its end'.<sup>536</sup> Sure enough on 20 November 1975, Franco died. As Gibraltarians gathered around their television sets to watch the funeral rites, they could reflect on the end of a tumultuous period in their history. The decade had begun with optimism that the problems of the past could be put aside in the rush to embrace a new European future.

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<sup>532</sup> Alonso, *España en el Mercado Común*, p.88.

<sup>533</sup> Julian Casanova and Carlos Gil Andres, *Twentieth-Century Spain: A History* (Cambridge: Cambridge University Press, 2014), p. 275.

<sup>534</sup> HAEU, Oral History Collections: Voices on Europe, *Raimundo Bassols Jacas* (1998) <[https://archives.eui.eu/en/oral\\_history/INT623](https://archives.eui.eu/en/oral_history/INT623)> [accessed 11 September 2023].

<sup>535</sup> Ibid.

<sup>536</sup> MacLennan, *Spain and the Process of European Integration*, p. 114.

Joining the EEC alongside Britain in 1973 was indeed a seminal moment, and the decisions reached during the pre-accession negotiations would have lasting repercussions for the people of Gibraltar, not least the decision, taken in London as much as Gibraltar, to remain outside the customs area. Yet despite the initial wave of euphoria which greeted Gibraltar's acceptance into the EEC, little changed on the ground, and Gibraltarians remained separated from the rest of Europe by the locked iron gates at the frontier. Franco's demise, and the promise of a return to democracy in Spain, once again opened up the possibility of a shared European future. Britain and Gibraltar's place within Europe, confirmed by the result of the 1975 referendum, and Spain's desire for membership, would surely create an opportunity for Britain to finally play the 'EEC card' in the Gibraltar context, either as an 'inducement' or a 'deterrent'.<sup>537</sup> And yet the road ahead would prove far rockier than many would have anticipated at the end of 1975, and the frontier would not fully open for another decade after Franco's death. In the next chapter, we explore some of the reasons why.

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<sup>537</sup> TNA FCO 86/373, Mr Hattersley's Visit to Gibraltar, Brief No. 2, 24-26 September.



## Chapter 5 — The European solution: highs and lows (1976-1982)

### 5.1 Introduction

The death of Franco and the return of democracy to Spain helped revive interest in a possible European solution to the Gibraltar question. Meanwhile, Britain's recommitment to Europe in 1975 was followed by the clearest statement yet that Gibraltar could not expect further reform of its relationship with the UK. The crisis caused by the 1976 Hattersley Memorandum forced Hassan to develop his own vision for Gibraltar's European future. The early years of the Spanish transition marked the high water mark for enthusiasm for the European project on the Rock, exemplified by the launch of a local branch of the European Movement by former integrationists in 1977, and the beginning of talks on Gibraltar's future in Strasbourg, involving Gibraltarian representatives for the first time. However it did not take long for much of this early optimism to fade. Not only did Hassan's more radical ideas encounter pushback but the slow pace of change, particularly with regard to the frontier, did little to repair trust in Spain. In fact it would take another seven years after Franco's death; three general elections; two referendums and two attempted coups before a Spanish government felt secure enough to attempt even a partial re-opening of the frontier. During this period a growing sense of mistrust developed in Gibraltar, not just of Spain's intentions, but of Britain's also.

It had long been recognised in London that Spain's need for British backing in Europe might prove 'the best card in our hand' when it came to lifting the frontier restrictions, and after Spain's application for EEC membership was officially submitted in 1977, this question took on a new urgency.<sup>538</sup> Although there was certainly a change of tone after

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<sup>538</sup> TNA PREM 15/1580, Alexander to Bridges, 19 September 1973.

Thatcher's election victory in May 1979, there had already been signs Britain might adopt a firmer line. Spain's negotiations with the EEC only got underway in February 1979, and Britain's harder line was directly linked to a re-examination in Whitehall at this time of the legality of Spain's border restrictions in the EEC context. This not only led to the adoption of a more robust stance in relation to Spain's EEC application, but also to a re-appraisal of Gibraltar's half in, half out position in the EEC. Officials believed there might be real political advantages to bringing Gibraltar into a closer relationship with the Community prior to Spain's accession, but after further investigation, it was concluded these would be outweighed by the economic damage it would cause. This decision, like those taken at the time of Gibraltar's accession, would have major long-term implications, guaranteeing the maintenance of a physical frontier for customs checks even after Spain's accession. In fact, far from seeking a closer relationship, many Gibraltarians in this period began to push in the opposite direction, for further exemptions and derogations from EEC legislation, fuelled by fear of a sudden flood of Spanish workers and businesses into Gibraltar's cocooned society. Britain's decision to finally play the EEC card led directly to the Lisbon Agreement in April 1980, but Spain's repeated failure to honour its commitment to open the frontier, coupled with the dangers perceived in opening Gibraltar's future up to negotiation, exacerbated a growing division within Gibraltarian society between those who prioritised a return to normality at the frontier, and were prepared to accept some concessions might be necessary to secure that, and those who had grown accustomed to, and even benefited from the frontier closure, and saw no reason why Spain should be offered anything. In this chapter, I will examine how these two strands of thinking developed in Gibraltar, while attempting to put Spain's reluctance to dispense with the Franco-era frontier restrictions into context.

## 5.2 From the 'Hattersley re-buff' to a 'solution in Europe'

The two years which followed Franco's death and Britain's EEC referendum in 1975 saw a revival of hope in Gibraltar that a solution might be found in a united Europe. This was linked not just to Spain's transition to democracy, but to Britain's blunt rejection of further constitutional progress. Just as Castiella's dismissal and Britain and Spain's mutual moves towards Europe at the beginning of the 1970s had seemed to herald a *nuevo clima* in Anglo-Spanish relations, so Franco's demise in the middle of the decade promised a fresh start. Telephone lines were restored over Christmas, and in January 1976 the frontier gates were briefly unlocked to let a sick tourist pass through. The following month the first Foreign Minister of the post-Franco era, José María de Areilza, publicly acknowledged for the first time that there were 'three elements' in the dispute, including 'the population of Gibraltar'.<sup>539</sup> During a tour of European capitals, Areilza, who had broken ties with the Franco regime in 1964 because of its attitude towards Europe and was one of the 'main proponents of a "European" and democratic policy' in the King's first cabinet, made no secret of the fact that Spain no longer wished to settle for a mere trade agreement and now looked towards the prospect of full membership.<sup>540</sup> Despite Areilza's efforts to promote the new regime abroad, frustration at the slow pace of reform under the leadership of Franco's last Prime Minister, Arias Navarro, led to a series of strikes and demonstrations which paralysed Spain in the first half of 1976. Arias Navarro was dismissed by the King on 1 July 1976 and a new government headed by the 43-year old former head of Spanish television, Adolfo Suárez, was appointed. In the same week Suárez took office, the Hattersley Memorandum had 'thrown Gibraltar into a state of

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<sup>539</sup> 'Foreign Policy and the Role of Spain,' 'Firing Line' PBS, recorded in Madrid on 24 February 1976 and broadcast on 6 March 1976.

<sup>540</sup> TNA PREM 16/1127, Weston to Wright, 12 February 1976.

crisis'.<sup>541</sup> By bluntly ruling out integration and independence as 'impracticable' Hattersley effectively killed off the Integration With Britain Party (IWBP), but also appeared to close the door to free association, the route to decolonisation long favoured by Hassan and the AACR. Instead, the British government implied Gibraltar should look to newly democratic Spain, and not Britain, for a 'satisfactory solution' to its problems.<sup>542</sup> If the memorandum was the death knell for integrationism, it also presented difficulties for Hassan who had put his faith in the idea that the slow and steady devolution of powers from London would eventually lead to Gibraltar's decolonisation. His response to what he called 'one of the most critical situations which we have ever had to face' was to lay out a new vision for a 'decolonised' Gibraltar and a resolution of the 'problem with Spain'.<sup>543</sup> As we have seen in previous chapters, Hassan's support for the European project had, in the past, been somewhat lukewarm, certainly in comparison with Peliza's integrationists, but the Hattersley Memorandum seems to have brought about a rethink:

When Spain becomes truly democratic she will take her place in the European Community and I am sure that within the context of a united Europe it will be possible to find a solution which can be honourably accepted by all three sides.<sup>544</sup>

In a televised address, Hassan spoke at length about prospects for 'common European passports' and 'citizenship' and the abolition of identity checks within the internal frontiers of the Community, which he viewed as highly 'relevant' to Gibraltar. None of these

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<sup>541</sup> Garcia, *The Making of a People*, p.171.

<sup>542</sup> 'No need for Constitutional change nor conference' — says Britain, *Gibraltar Chronicle*, 29 June 1976, p.1.

<sup>543</sup> 'Chief Minister's Statement on Constitution Question', *Gibraltar Chronicle*, 3 August 1976, p.1.

<sup>544</sup> *Ibid.*

proposals would 'weaken our links with Britain', but they would 'consolidate our position in Europe' when Spain eventually took its place in the Community.<sup>545</sup> A month later, Hassan returned to this theme in a letter to *The Sunday Times*, in which he looked ahead to 'an honourable long-term solution in the European context, which would safeguard our political freedoms, the continuation of our links with Britain and our way of life as a minute but identifiable community.'<sup>546</sup>

With an election scheduled for 29 September 1976, the political scene on the Rock had been left in turmoil by the Hattersley bombshell. The break-up of the IWBP cleared the path for a bewildering array of candidates, including 11 independents, and an entirely new party, the Gibraltar Democratic Movement (GDM), created just 30 days prior to the election by Joe Bossano, a TGWU branch officer and former founding member of the IWBP. Bossano's hastily assembled party could not compete with the AACR, which easily claimed eight of the top ten places and formed a government under the leadership of the 61-year old Hassan. Peliza lamented the fact that the election could 'hardly be called free' when one party, the integrationists, had been 'defeated by one of Her Majesty's Minister's statements before nomination day'.<sup>547</sup> Nevertheless, Peliza, one of three former IWBP candidates elected as independents, quickly put the disappointment of the Hattersley rebuff behind him and threw himself into the formation of a Gibraltar branch of the European Movement, the organisation founded at the Hague Congress in 1948 to campaign for European unity. On the 15 December 1976, the same day Spaniards went to the polls to vote on Suárez's democratic reforms, Gibraltar's political leaders gathered in a Catholic Community Centre to approve Peliza's plans for a Gibraltar-based European Movement. It

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<sup>545</sup> 'Chief Minister's Statement on Constitution Question', *Gibraltar Chronicle*, 3 August 1976, p.1.

<sup>546</sup> 'Chief Minister replies to editorial', *Gibraltar Chronicle*, 20 September 1976, p.1.

<sup>547</sup> 'Further letters to Sunday Times', *Gibraltar Chronicle*, 23 September 1976, p.1.

was a significant show of unity, despite the fact that, as the *Gibraltar Chronicle* put it, ‘the noise and rumble of the recent elections was still ringing in our ears’.<sup>548</sup> Although the impetus for the creation of the European Movement in Gibraltar had come from former integrationists, in particular Peliza and Xiberras, every member of the newly elected House of Assembly became founding members, and the meeting was addressed by both the Chief Minister and GDM leader Joe Bossano. Once again, Hassan reiterated his belief in a ‘long-term solution in Europe’ while Bossano thought that a common European passport might one day ‘make absolute nonsense of being Spanish or British’.<sup>549</sup> As well as expressions of support for the concept of European unity, it was recognised that the Movement would provide a useful vehicle for publicly connecting the situation at the frontier with Spain’s aspirations to join the EEC. At the formal launch of the new branch in March 1977, almost twenty years to the day since the signing of the Treaty of Rome, Lord Thomson used a form of words which would become familiar, telling a packed John Mackintosh Hall that it was ‘inconceivable that there be a democratic Spain in the EEC whilst Gibraltar’s isolation persisted’. Ernest Wistrich, director of the British council of European Movements, told Gibraltarians the Community should make it clear Spain would be welcomed but ‘the barriers have to go’. For Peliza this was ‘a breath of fresh air and an injection of strength to Gibraltar after the Hattersley rebuff’.<sup>550</sup> In May 1977 ‘Europe Week’ was marked for the first time in Gibraltar with a programme of events organised by the new European Movement, which arranged for the distribution of the 12-starred European flag across the city.<sup>551</sup> It is clear in retrospect, this marked something of a high water mark for euro-enthusiasm on the Rock, as Gibraltar’s political class attempted to move on from the

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<sup>548</sup> Francis Cantos, ‘Unity evidenced at “European” meeting’, *Gibraltar Chronicle*, 17 December 1976, p.1.

<sup>549</sup> Ibid.

<sup>550</sup> ‘European Movement launched’, *Gibraltar Chronicle*, 7 March 1977, p.1.

<sup>551</sup> ‘Europe Week Celebrations’, *Gibraltar Chronicle*, 30 April 1977, p. 1

disappointment inflicted by Hattersley. 'We have suffered at the hands of narrow nationalism in the past,' Marilou Benson told an Europe Day rally in May 1977, and Gibraltarians would 'only survive in the context of a united Europe'.<sup>552</sup> The next few years would put this faith in the unifying power of the European project to the test.

### 5.3 The Strasbourg process

Talking up the prospect of a 'united Europe' was easier than working out what this might mean in practice should Gibraltar and Spain ever end up in the EEC together. At the beginning of 1977, the unexpected death of Anthony Crosland led to Dr David Owen, one of the Labour party's most prominent europhiles, becoming the youngest Foreign Secretary in over 40 years. An early sign of the direction Owen intended to take was the decision in April 1977 to shift responsibility for Gibraltar within the FCO from the Gibraltar and General Department, which dealt with Britain's remaining dependent territories, to the Southern European Department (SED), which would look at Gibraltar-related questions 'in the whole context of southern Europe'.<sup>553</sup> As Owen put it, 'there are surely strong political arguments for getting Gibraltarians to identify with the EEC with a view to ultimately becoming "Southern Europeans"'.<sup>554</sup> In June 1977, free elections took place in Spain for the first time since 1936, with all political parties committed to EEC membership. The importance of this unanimity to the successful transition to democracy has been widely recognised by historians. European integration was, says Pablo Calderón Martínez, 'probably the only thing every single sector of society, political party or key actor could

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<sup>552</sup> 'Europe Day meeting', *Gibraltar Chronicle*, 7 May 1977, p.1.

<sup>553</sup> 'Gibraltar "moves south"', *Gibraltar Chronicle*, 12 April 1977, p.1.

<sup>554</sup> TNA FCO 9/2473, Fullerton to Winchester, 15 April 1977.

agree on'.<sup>555</sup> A centre-right coalition, the *Unión de Centro Democrático* (UCD), became the largest party in the *Cortes* and on 28 July 1977, the new Spanish Foreign Minister, Marcelino Oreja, formally requested the opening of negotiations with the EEC. Pondering the implications of this historic moment for Gibraltar, the British Ambassador in Madrid, Antony Acland, warned that Britain risked alienating its new friends in Europe if Gibraltar proved to be a complicating factor in the negotiations. At the same time, the Gibraltarians would insist on Spain lifting the frontier restrictions before the negotiations went too far. Britain was caught between 'conflicting pressures' with the risk of 'Anglo-Spanish relations deteriorating rapidly' in the meantime.<sup>556</sup> Acland thought the solution lay in asking Hassan privately how far he would be willing to go in terms of a new status for Gibraltar. 'Somehow or other we have to get to the point where we, the Spaniards and the Gibraltarians are all "thinking the unthinkable" if we are ever to make progress,' he concluded.<sup>557</sup> The first inkling of where this new line of thinking might lead came during Owen's trip to Madrid in September 1977. The previous year ministers were advised it would be 'counter-productive' to make an 'explicit link' between British support for Spain's EEC application and the lifting of the frontier restrictions. Making Gibraltar 'a stumbling block on Spain's road to Europe' might 'put the whole prospect of democratisation in jeopardy'.<sup>558</sup> In Madrid, Owen was careful to separate the two issues but pointed out that 'working together towards membership of the Community' carried with it a responsibility to resolve 'the one area of difficulty in our relationship'.<sup>559</sup> Suárez agreed it was perhaps 'the best moment in history' for agreeing a solution on Gibraltar, and felt the concept of 'regional

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<sup>555</sup> Pablo Calderón Martínez, 'The EU and Democratic Leverage: Are There Still Lessons to be Learnt from the Spanish Transition to Democracy?', *Journal of Contemporary European Studies*, 23:4, 2015, pp. 530-547, (p. 544).

<sup>556</sup> TNA FCO 9/2466, Acland to Sutherland, 21 July 1977.

<sup>557</sup> Ibid.

<sup>558</sup> TNA PREM 16/1127, Visit of the Foreign Minister 2 March 1976, Gibraltar- Brief No.5, 26 February 1976.

<sup>559</sup> 'British and Spanish Foreign Ministers speak on Gibraltar', *Gibraltar Chronicle*, 7 September 1977, p.1.



autonomy' being developed in Spain 'might allow for a formula applicable to Gibraltar'. He would consider 'any formula' so long as Gibraltar was not permitted to 'move in the radical direction of demanding independence'.<sup>560</sup> Owen replied there was no solution Britain could not envisage provided 'we could carry the Gibraltarians with us'. In his view, the Gibraltarians might eventually accept 'shared sovereignty' provided this was approached carefully. Official notes of the meeting indicate Suárez discussed the 'question of condominium' with his advisers, but do not record what was said.<sup>561</sup> However, at a dinner in Owen's honour, Oreja told him 'one of the attractions of condominium' from Spain's perspective was that it lessened the impact on Morocco who 'opposed Spanish control of both sides of the Straits of Gibraltar'.<sup>562</sup> On his return, Owen told Callaghan the Spaniards 'would in the end accept a condominium solution' but Hassan needed 'to be helped' if he was to sell this to his people.<sup>563</sup> The direction of travel seemed clear. Both Britain and Spain viewed the formation of a new democratic state in Spain, which wished to be integrated into Europe and to accommodate its own autonomous regions, as a historic opportunity to resolve the Gibraltar issue. Above all this had to be done before it could foul up Spain's negotiations with the EEC. The prospect of entry was encouraging Spain to be 'flexible' reported Owen, but if difficulties emerged during the negotiations, Spanish public opinion might quickly turn 'sour'.<sup>564</sup> Time was of the essence, but the biggest obstacle to any solution, as Owen was well aware, remained the Gibraltarians.

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<sup>560</sup> TNA PREM 16/2063, Extract from the record of discussion between the Foreign Secretary and the Spanish Prime Minister, 6 September 1977.

<sup>561</sup> Ibid.

<sup>562</sup> TNA PREM 16/2262, Secretary of State's debriefing on his discussions with the Spanish Foreign Minister on Gibraltar on Monday 5 September 1977.

<sup>563</sup> TNA PREM 16/2063, Extract of a conversation between the Prime Minister and the Foreign Secretary, 9 September 1977.

<sup>564</sup> TNA PREM 16/2063, Record of a discussion between the Foreign and Commonwealth Secretary and the Chief Minister and Leader of the Opposition of Gibraltar, 4 November 1977.

For those prepared to look hard enough there were signs of a shift in thinking on the Rock. In the week Owen visited Madrid, the Party for the Autonomy of Gibraltar (PAG) was launched by a group of Gibraltarians well known for favouring an accommodation with Spain. As party member Joseph Triay, one of the original 'Doves', put it 'sovereignty of the people, democratically exercised by the people of Gibraltar, within a Spanish state' was 'the only viable way to face the future'. This implied 'an autonomous regime for the city similar to...Catalonia' with even 'greater civil and political rights than the present constitution'.<sup>565</sup> At around the same time a new newspaper, the *Calpe News*, became the first publication to openly support ideas of this sort. While the PAG had been founded by businessmen and lawyers, the *Partido Socialista de Gibraltar* (PSG), another new party with close links to Spain, was formed by Jose Netto and his faction within the TGWU. It aimed to 'promote the struggle for the decolonisation of Gibraltar along principled socialist lines'.<sup>566</sup> In an interview with a Spanish newspaper, Netto decried the 'colonial situation' in Gibraltar and the 'puppet government' of Hassan, adding he believed Gibraltar 'could be included among the autonomies which are being established at present within Spain'.<sup>567</sup> As interesting as these developments were, the two new parties were electorally untested, and progress towards any solution of this sort would only be possible with the support of the governing AACR. Shortly after returning from Spain, Owen informed Hassan that both sides recognised Spain's membership of the EEC could not happen without 'an obligation on Britain and Spain to resolve the problems of Gibraltar'. The 'fluid constitutional situation' presented a 'unique historical moment' in which significant developments could take place, and Spain recognised Hassan as 'a credible interlocutor'.<sup>568</sup> He revealed that the Spanish

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<sup>565</sup> TNA FCO 9/2467, Translation of Extracts from Article on Gibraltar, *Cambio 16*, 19-25 September 1977.

<sup>566</sup> TNA FCO 9/2468, Gordon to Brown, 22 November 1977.

<sup>567</sup> 'Outspoken condemnation', *Gibraltar Chronicle*, 29 September 1977, p.1.

<sup>568</sup> TNA PREM 16/2063, Record of a discussion between the Foreign and Commonwealth Secretary and Sir Joshua Hassan, 19 September 1977.

had been 'receptive' to the idea of 'shared sovereignty'. Hassan was cautious. There had been no movement at the frontier to suggest a change in attitude. Moreover, it was not possible to 'eradicate in a day the effect of 14 years of sanctions'. Nevertheless he was a 'realist' and had only decided to stay in government because 'the people of Gibraltar had to be told the truth' about what the changes in Spain meant for their future. What is more, 'he could say frankly that the idea of shared sovereignty/condominium would, in his view, have considerable attractions to the people of Gibraltar so long as their special status was safeguarded'.<sup>569</sup> Hassan was prepared to accept Suárez's request for 'secret and private contact' in an effort to bridge the gap. He had always insisted he would 'talk to anyone' but had been stung in the past; a reference to the leaking of his secret meeting with Argüelles in Brussels in 1973. He would be prepared to meet Suárez and to talk freely about shared sovereignty on the understanding 'no democratic leader could give an absolute guarantee that he could deliver his people'.<sup>570</sup> A secret meeting was planned for November 1977, but before it could take place the Spanish Prime Minister was due to meet his opposite number in London on 19 October 1977. The meeting with Callaghan was a disaster. The British Prime Minister dismissed the idea of an autonomous Gibraltar within the Spanish state as 'simplistic' and informed Suárez that Franco might be gone but the fence separating Spain from Gibraltar 'with all the indignity to the human spirit which it symbolised' was the 'manifestation of a fascist regime'. Disheartened by what he had heard, Suárez asked whether the 'political will' existed to negotiate over Gibraltar, to which Callaghan bluntly informed him: 'No'.<sup>571</sup> It was clear to Owen that the whole 'situation was

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<sup>569</sup> TNA PREM 16/2063, Record of a discussion between the Foreign and Commonwealth Secretary and Sir Joshua Hassan, 19 September 1977.

<sup>570</sup> Ibid.

<sup>571</sup> TNA PREM 16/2063, Record of a conversation between the Prime Minister and the President of the Spanish Government, Señor Suárez, at No. 10 Downing Street on 19 October 1977 at 12.10.

moving backwards'.<sup>572</sup> Following what one official called 'the wholly intransigent tone' of the meeting, Owen could no longer advise Hassan to meet Suárez.<sup>573</sup> Despite the setback there was a recognition that Suárez's offer was proof the Spanish government had finally recognised the need to involve the Gibraltarians. At a meeting in early November, Hassan told Owen that to maintain the momentum he would publicly come out in favour of talks with Spain, and he hoped the new leader of the opposition, Maurice Xiberras, would agree to present a united front. It had emerged that the Spaniards had been courting members of the PAG who were not, in Hassan's view, representative of Gibraltarian public opinion and merely 'encouraged the Spaniards to be obstinate'. Instead of such clandestine contacts, it would be better to bring the process into the open so the Spanish government could 'get a more truthful picture of Gibraltar'.<sup>574</sup> An opportunity was identified towards the end of the month in Strasbourg, where Spain was to be formally inducted into the Council of Europe. This was a highly significant moment in itself; the first time post-Franco Spain had been accepted into a European organisation which had previously denied it entry. On 8 November 1977, Hassan told the House of Assembly that he and Xiberras would be meeting representatives of the Spanish government. The initiative was 'entirely mine' and the talks 'purely exploratory'. Although there would be 'difficulties' ahead, talking would demonstrate 'we are at least willing to discuss the problem, and this, in terms of the spirit of the EEC — to which Spain aspires to belong...will I am sure weigh heavily with international opinion'.<sup>575</sup> Hassan's initiative received the backing of the House but there was an early indication of the most likely source of opposition. On the day of Hassan's

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<sup>572</sup> TNA PREM 16/2063, Record of a conversation between the Prime Minister and the President of the Spanish Government, Señor Suárez on 19 October at 14:45.

<sup>573</sup> TNA PREM 16/2063, Fergusson to Hibbert, 20 October 1977.

<sup>574</sup> TNA PREM 16/2063, Record of a discussion between the Foreign and Commonwealth Secretary and the Chief Minister and Leader of the Opposition of Gibraltar on Friday 4 November at 11am.

<sup>575</sup> 'Chief Minister's Initiative on Gibraltar Participation in Talks', *Gibraltar Chronicle*, 9 November 1977, p.1.

announcement, Bossano had tabled a motion calling on the House to oppose ‘any talks or negotiations...between Britain and Spain on the question of the sovereignty of Gibraltar’.<sup>576</sup> In the months prior to the motion, Bossano had seen his hastily assembled party, the GDM, crumble before his eyes, with three members resigning in the space of a few weeks. Not only did this leave Bossano as the sole GDM representative in the House but he lost his position as the official leader of the opposition as a result. Undeterred, Bossano announced that the GDM would be renamed the Gibraltar Socialist Labour Party (GSLP) to better reflect the party’s aims. The GSLP was the second party after the PSG to emerge from the ranks of the TGWU, but unlike the internationalist PSG, Bossano’s GSLP was nationalist and implacably opposed to talks with Spain. Bossano was highly critical of Hassan’s reluctance to insist that the lifting of the restrictions should be a pre-condition of Spain’s entry into the EEC. Hassan said the EEC negotiations might take up to five years and this was therefore an ‘unduly modest aim’. Instead, he sincerely hoped that a relaxation of the frontier restrictions could come about ‘before Spain’s actual entry into EEC comes up for consideration’. There was a better chance of a lasting solution based on ‘mutual goodwill’ than ‘political pressure’.<sup>577</sup> Bossano disagreed, but only time would tell who had best judged the situation and the political implications which flowed from it.

#### **5.4 Hassan’s European solution**

The meeting in Strasbourg on 24 November 1977 was loaded with symbolism. In the morning, Spain became the 20th member of the Council of Europe at a ceremony in the new *Palais de l’Europe*. As Angel Viñas has written, the importance of this step ‘cannot be overemphasised’: it was proof the international community already viewed the changes in

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<sup>576</sup> ‘Chief Minister’s Initiative on Gibraltar Participation in Talks’, *Gibraltar Chronicle*, 9 November 1977, p.1.

<sup>577</sup> ‘Chief Minister replies to “pre-condition” letter’, *Gibraltar Chronicle*, 16 August 1977, p.1.

Spain as advanced enough to warrant inclusion in an organisation that had barred its door to Franco.<sup>578</sup> In the evening the Spanish and British delegations convened at *Le Cercle Européen*, a mansion used by diplomats across town. Once again, the institutions of Europe provided the neutral ground, but unlike Hassan's secret 1973 meeting in Brussels, these talks would take place in the open. As Jackson and Cantos note, the Strasbourg meeting 'changed the whole basis of Gibraltar negotiations' from a bilateral struggle into a triangular match in which 'the Gibraltar government was, at last, recognised by Spain as having a legitimate and crucial part to play'.<sup>579</sup> Although cordial, the two and a half hour meeting followed a familiar pattern, with both sides repeating their well-known positions. Oreja wanted to find a way of progressively eliminating the restrictions, but to do so everyone in Spain needed to know 'the restoration of Spanish integrity' was on the horizon. For Hassan, the lifting of restrictions had to come first to create a better climate for dialogue, although he recognised 'Gibraltar could not remain static in a changing world'.<sup>580</sup> After the meeting, Owen told the Gibraltarian representatives they would need to think seriously about what they were prepared to discuss once the restrictions were lifted. Although sovereignty could only be transferred 'by the vote' Britain would 'have to consider some sort of half-way house' a form of 'symbolic sovereignty' to offer Spain.<sup>581</sup> A new round of talks was scheduled for Paris in March 1978 and Owen instructed Hassan and Xiberras to 'give some thought to a possible settlement based on co-sovereignty'.<sup>582</sup> During December 1977 and early January 1978, Hassan prepared a lengthy proposal,

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<sup>578</sup> Angel Viñas, 'Breaking the shackles from the past: Spanish foreign policy from Franco to Felipe González', in *Spain and the Great Powers in the Twentieth Century* ed. by Sebastian Balfour and Paul Preston (London: Routledge, 1999) pp.245-267, (p.251).

<sup>579</sup> Jackson and Cantos, *From Fortress to Democracy*, p.210.

<sup>580</sup> TNA PREM 16/2063, Gibraltar: Meeting with the Spanish Foreign Minister, 25 November 1977.

<sup>581</sup> Ibid.

<sup>582</sup> TNA FCO 9/2779, Hassan to Owen, 3 February 1978.

which even he admitted, represented a 'radical departure from previous thinking'.<sup>583</sup>

Several elements of Hassan's plan are worth noting, in particular the crucial role he envisaged the EEC playing in an eventual settlement. The proposal involved replacing the Treaty of Utrecht with a new treaty between Britain and Spain instituting a regime of 'formal co-sovereignty' between the Crowns of Britain and Spain. Apart from the symbolic flying of the Spanish flag, Spain would continue to have no say in Gibraltar's internal administration, external affairs, or defence. However the new status would be 'guaranteed jointly by Britain, Spain and the EEC' and the provisions of the new treaty would be 'made enforceable by the European Court of Human Rights' the court which enforced the European Convention on Human Rights Spain had signed up to at Strasbourg.

Furthermore, Gibraltarians would be recognised as 'full EEC nationals' with the right to vote in European Parliamentary elections, eligible for 'European passports' and entitled to 'all other rights' accruing to 'Community nationals'.<sup>584</sup> Hassan's January 1978 paper was the clearest articulation yet of what might be called a 'European solution' to the Gibraltar question, but it presented a number of difficulties. For a start, as one official put it, there was 'almost nothing of any substance for Spain'.<sup>585</sup> There was also a risk that sharing ideas of this sort might merely 'whet Spanish appetite' and 'encourage unsatisfiable demands'. The EEC element, so central to Hassan's proposal, was dismissed as 'somewhat peripheral' within SED, although it was acknowledged that from a 'presentational point of view' there 'could be advantage' in 'setting the Gibraltar problem more firmly in the EEC context'.<sup>586</sup> The fact Hassan was prepared to think along these lines was 'encouraging', according to Acland, but his proposal was both an 'opening

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<sup>583</sup> TNA FCO 9/2778, Governor's Deputy to FCO, 11 January 1978.

<sup>584</sup> TNA FCO 9/2778, Extract from Chief Minister's Paper, 11 January 1978.

<sup>585</sup> TNA FCO 9/2778, The Sovereignty Question in Gibraltar, 17 January 1978.

<sup>586</sup> TNA FCO 9/2778, Gibraltar: The Next Steps, 25 January 1978.

gambit' and the outer limit of how far he was prepared to go.<sup>587</sup> Nor had he tested his idea on other members of his party, let alone the opposition. In early January 1978, Hassan presented his AACR colleagues with his proposals. They judged that, given the right safeguards, including the need for a referendum, and the purely 'nominal character' of shared sovereignty, they might be acceptable in principle.<sup>588</sup> Shortly afterwards, they were shared with three members of the opposition grouping which had coalesced around Maurice Xiberras, including Peter Isola and Gerald Restano. Former Chief Minister, Bob Peliza, was away in the UK, while the GSLP's Joe Bossano was 'totally excluded'.<sup>589</sup> Xiberras and Isola, both prominent members of the European Movement, nevertheless found little to their liking in Hassan's plan. In particular they 'argued strongly against' any concessions to Spain which they viewed as 'unnecessary' and 'dangerous'. Hassan's proposals were likely to be 'insufficiently attractive' to Spain and 'totally repugnant' to local opinion. Forced to admit 'these anxieties' were shared by his colleagues Hassan anxiously informed Owen that no hint of the proposals should be communicated to Spain.<sup>590</sup> He knew the danger of a leak was real, and it later emerged that one of the opposition members invited to view the plans had attempted to secretly photograph them but had been let down by his camera.<sup>591</sup> Despite the unfavourable reaction, Hassan continued to believe 'in the right circumstances and atmosphere' the proposals stood a 'chance of majority acceptance'.<sup>592</sup>

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<sup>587</sup> TNA FCO 9/2778, Acland to FCO, 12 January 1978.

<sup>588</sup> TNA FCO 9/2779, Hassan to Owen, 3 February 1978.

<sup>589</sup> TNA FCO 9/2778, Governor's Deputy to FCO, 13 January 1978.

<sup>590</sup> TNA FCO 9/2779, Hassan to Owen, 3 February 1978.

<sup>591</sup> Caruana, *The Life and Times of Sir Robert Peliza*, p.353.

<sup>592</sup> TNA FCO 9/2779, Hassan to Owen, 3 February 1978.



The second meeting in the Strasbourg Process took place in Paris on 15 March 1978. Again, a neutral venue was chosen with symbolic resonance. This time participants convened at the *Château de la Muette*, a mansion on the edge of the *Bois de Boulogne* which became the headquarters of the OEEC in 1949, the organisation Spain had joined with British support in 1959. This time Oreja read from a 'detailed document' outlining the sort of autonomous regime that could be offered to Gibraltar. A wide-ranging discussion touched on several subjects but despite an agreement to establish working parties to look into specific areas of mutual concern, the meeting foundered again on the question of sovereignty.<sup>593</sup> The presence of Xiberras, dubbed 'the abominable no-man' by Owen, made any discussion of sovereignty difficult, as he was quick to remind everyone this had been expressly ruled out by the November 1977 House of Assembly resolution.<sup>594</sup> Following the Paris meeting, Owen let it be known he 'favoured a discreet talk' with Hassan to discuss the possible 'sharing' or 'pooling' of sovereignty.<sup>595</sup> An opportunity arose at the end of June when Hassan visited London to attend a memorial service for the former governor, Sir Gerald Lathbury. The meeting, according to Jackson and Cantos, was 'a stormy fiasco'.<sup>596</sup> What is clear from the record is that Owen attempted to 'apply pressure' on Hassan to come up with a solution that would satisfy the Spaniards. The Foreign Secretary acknowledged the difficulties involved in a complete 'transfer of sovereignty' but said they should look to 'the Andorran precedent'; 'shared sovereignty' or 'condominium'.<sup>597</sup> At this point, Hassan reminded Owen that his own ideas had been 'thrown out by the Gibraltarians' and it was 'all very well to talk of putting pressure on him'

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<sup>593</sup> TNA FCO 9/2781, Record of a Discussion between the Foreign and Commonwealth Secretary and the Spanish Foreign Minister at the Chateau de La Muette at 4pm on Wednesday 15 March 1978.

<sup>594</sup> Jackson and Cantos, *From Fortress to Democracy*, p.212.

<sup>595</sup> TNA FCO 9/2706, Daunt to Fergusson, 19 May 1978.

<sup>596</sup> Jackson and Cantos, *From Fortress to Democracy*, p.212.

<sup>597</sup> TNA FCO 9/2706, Record of a meeting between the Foreign and Commonwealth Secretary and the Prime Minister [sic] of Gibraltar at the Foreign and Commonwealth Office on Friday 30 June at 10.40am.

but if ‘the Gibraltarian people were not prepared to accept an arrangement’ then ‘the pressure would have to be on someone else’.<sup>598</sup> Hassan’s biographers claim the meeting confirmed certain suspicions in the Chief Minister’s mind about the ‘unwelcome effects’ Spain’s possible entry into the EEC was having on Whitehall thinking. Hassan feared ‘Gibraltar was being pushed too fast and too far in the tidal wave of enthusiasm for a united Europe’. If this was the case, then Hassan’s initial enthusiasm for a ‘European solution’ in the wake of the Hattersley Memorandum in 1976, and his idea of an EEC-backed form of co-sovereignty in January 1978, had begun to curdle into a nagging fear that the Rock might be sacrificed ‘on the altar of...European unity’.<sup>599</sup> By the end of the year the working parties established in Paris had made little progress. But just as the talks were grinding to a halt, Spain’s bid for EEC membership received a boost with the news in December 1978 that the Council of Ministers had accepted a European Commission report on Spain’s application, clearing the way for negotiations to begin in February 1979.

## **5.5 Spain’s negotiations begin; Gibraltar’s EEC status is reevaluated**

Although 1979 is viewed as a watershed in Britain’s willingness to link Spain’s EEC application with the lifting of the frontier restrictions, this has been attributed by authors such as Labarta Rodríguez-Maribona to the ‘firmness’ adopted by Margaret Thatcher’s Conservative government in May 1979, ignoring signs of a harder British attitude prior to her arrival in Downing Street.<sup>600</sup> This was a result of growing ‘irritation’ with Spain, frustration at the lack of progress in the Strasbourg process, and significantly, a reexamination in Whitehall of the respective legal strengths of the British and Spanish

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<sup>598</sup> TNA FCO 9/2706, Record of a meeting between the Foreign and Commonwealth Secretary and the Prime Minister [sic] of Gibraltar at the Foreign and Commonwealth Office on Friday 30 June at 10.40am.

<sup>599</sup> Jackson and Cantos, *From Fortress to Democracy*, pp. 212-214.

<sup>600</sup> Labarta, ‘Reino Unido y España: unas relaciones marcadas por el contencioso territorial’, p.104

positions.<sup>601</sup> In February 1979, Spain finally opened formal negotiations with the EEC, some 18 months after submitting its application. For Leopoldo Calvo-Sotelo, the minister for EEC relations, this had felt like ‘a man standing impatiently in the rain’ who was finally being let into the waiting room. <sup>602</sup> At the opening of negotiations in Brussels, and in a press conference two days later, Owen said it was ‘perfectly obvious’ the present restrictions were ‘incompatible with the fellowship and the understanding between members states’.<sup>603</sup> While he still believed in a resolution within the EEC framework, the restrictions were ‘a running sore’ and it would be ‘extremely difficult to have an issue of such contention between two member states’. <sup>604</sup> Owen’s stronger rhetoric was ‘very well received’ by political leaders across the spectrum in Gibraltar, from the pro-autonomy *Calpe News* to Bossano’s GSLP which had launched a campaign against the Strasbourg process.<sup>605</sup> The Gibraltar branch of the European Movement welcomed Owen’s refreshing ‘clarity’ and took credit for the ‘acceptance of our stated position regarding Spain’s entry’.<sup>606</sup> Behind the scenes, the tectonic plates were shifting in Whitehall as the prospect of Spanish entry grew closer, and with it vocal demands for a formal link to be made with the lifting of frontier restrictions. This led to a thorough re-examination of the basic legal position. At the time of Gibraltar’s accession in 1973, the FCO’s legal adviser, Harry Darwin, had concluded the Spanish restrictions were ‘contrary to the spirit of the Treaty of Rome’ but it was ‘not easy to point to specific Articles’ prohibiting the measures. <sup>607</sup> Asked again in 1977, Darwin reiterated his view that the issue was ‘not so clear that it is desirable

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<sup>601</sup> TNA FCO 9/2802, Opening of EEC Negotiations with Spain, 12 February 1979.

<sup>602</sup> ‘Negotiations for Spain’s entry into Europe’, *Gibraltar Chronicle*, 8 February 1979, p.1.

<sup>603</sup> TNA FCO 9/2802, Foreign Press Association: Question and Answer Session, 7 February 1979.

<sup>604</sup> ‘Dr Owen on EEC negotiations with Spain’, *Gibraltar Chronicle*, 10 February 1979, p.1.

<sup>605</sup> TNA FCO 9/2793, Second thoughts on Gibraltar, 23 February 1979.

<sup>606</sup> ‘Assurances welcomed by European Movement’, *Gibraltar Chronicle*, 16 February 1979.

<sup>607</sup> TNA FCO 9/2473, Gibraltar, Spain and the EEC, 8 March 1977.

to assume that, if Spain were to join, we would necessarily succeed in establishing that the closed frontier at Gibraltar was a breach of the EEC Treaty'.<sup>608</sup> When this was shared with Hassan, Xiberras and Bossano there was astonishment that nothing specific could be pointed to in relation to freedom of movement when the only way of getting to Spain was via a third country like Morocco. All three found the FCO position 'over-defensive'; 'lacking in counter-argument' and 'dispassionate'.<sup>609</sup> It was a legal opinion which took little account of the politics involved. The decision to link the lifting of restrictions with Spanish entry would in the end come down to a 'basic political choice,' as the EID's Mr Moss put it.<sup>610</sup> While there was a considerable body of opinion within the FCO that viewed blocking Spanish entry on any grounds as contrary to British interests, Moss argued 'we have to face up to the fact that while Spain is still negotiating we have a good deal of leverage' but 'once the final decisions are taken our negotiating advantage will disappear' and 'we might find that we had lost the game by failing to play our only trump card in time'.<sup>611</sup> In January 1979, the legal advice was looked at by another official who took a 'more optimistic view' than Darwin, considering 'the balance of argument' was 'in favour of the UK'.<sup>612</sup> Armed with two contrasting legal opinions, by March 1979 there was consternation within SED that 'despite numerous minutes and legal opinions' the basic position 'still does not appear as clear as is desirable'.<sup>613</sup> The Head of SED, Tim Daunt, decided it needed to be escalated to the government's top legal adviser, Sir Ian Sinclair, who had been a member of Britain's EEC negotiating team between 1970 and 1972. Once again, Daunt fell back on the card game metaphor:

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<sup>608</sup> TNA FCO 9/2473, Darwin to Winchester, 11 March 1977.

<sup>609</sup> TNA FCO 9/2802, Hartshorne to Fullerton, 12 December 1978.

<sup>610</sup> TNA FCO 9/2802, Gibraltar/Spain/EEC: Freedom of Movement, 28 December 1978.

<sup>611</sup> Ibid.

<sup>612</sup> TNA FCO 9/2802, Gordon to Parry, 5 February 1979.

<sup>613</sup> TNA FCO 9/2802, Gibraltar, Spain and the EEC, 9 March 1979.

It is important to know whether we just hold an ace (Spain would be behaving badly — perhaps even in an unEuropean and undemocratic way in maintaining restrictions) or whether our card is the ace of trumps (in maintaining restrictions Spain would be acting contrary to her obligations and the European Court of Justice could oblige her to desist) or indeed whether our card is no ace at all (a Spanish contention that disputed sovereignty meant that Gibraltar was outside the scope of EEC obligations would be accepted by other members states and/or the European Court of Justice.)<sup>614</sup>

Finally, towards the end of March 1979, something like a definitive view was handed down by Sinclair. In his opinion, the restrictions at the frontier were ‘self-evidently incompatible with Article 48 of the EEC Treaty’ governing the free movement of labour, and Spain would be acting contrary to its Community obligations if they continued. Furthermore, it was hard to see how the negotiations could proceed without this ‘fundamental issue being ventilated’.<sup>615</sup>

I think that we do hold a high value trump card in the forthcoming negotiations — in the sense that...Spain would be obliged to treat Gibraltar as being part of the territory of the Community and would accordingly be equally obliged to apply the provisions of the EEC Treaty and of Community secondary legislation relating to free movement of workers which, in my

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<sup>614</sup> TNA FCO 9/2802, Daunt to Sinclair, 14 March 1979.

<sup>615</sup> TNA FCO 9/2802, Sinclair to Daunt, 22 March 1979.

view, would be incompatible with the continued maintenance of the restrictions at the land frontier.<sup>616</sup>

Sinclair's minute finally provided the 'concise summing up' that had been lacking and put Britain on a 'more solid footing' should it wish to use the EEC treaties to work towards the removal of restrictions.<sup>617</sup> A mere six weeks later, Thatcher's Conservatives won the general election, and Owen was replaced as Foreign Secretary by Lord Carrington. As we have seen, the beginning of a new, more robust policy on 'linkage' was already in place. If Britain now felt on firmer ground in relation to the restrictions, the reappraisal in Whitehall had led to another conclusion. As Carrington pointed out, it had 'become clear in recent discussions in the department' that the legal and economic issues were 'closely inter-linked'.<sup>618</sup> Officials within SED wondered if Gibraltar was 'fully covered by the EEC Treaties', in other words if it was brought inside the customs territory, the CAP and began applying VAT, this might be helpful in obliging Spain to lift the restrictions.<sup>619</sup> In parallel with the legal aspects, work was undertaken to reexamine Gibraltar's partial membership of the EEC, and whether or not there might be advantage in using the opportunity presented by Spain's accession to bring Gibraltar fully inside the Community. It fell to Gibraltar's Deputy Governor, Robin O'Neill, to prepare a detailed paper. He noted that at the time of accession, Gibraltar had been excluded from the customs territory for three reasons. First, it was less likely to provoke trouble from Spain, although this was not divulged to Gibraltar's ministers at the time; second to preserve Gibraltar's free port status; and third to avoid the loss of revenue from import duties. Although Gibraltar's ministers

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<sup>616</sup> TNA FCO 9/2802, Sinclair to Daunt, 22 March 1979.

<sup>617</sup> TNA FCO 9/2802, Fergusson to Daunt, 28 March 1979.

<sup>618</sup> TNA FCO 9/2803, Carrington to Governor, 15 May 1979.

<sup>619</sup> TNA FCO 9/2473, Flower to Brown, 8 March 1977.

had accepted this, they had placed on record their commitment to the ultimate aim of securing full participation in the Community. After examining the implications now, O'Neill concluded it was 'likely to be in Gibraltar's long term interest to come within the customs territory of the EEC' as this would make the maintenance of any restrictions harder to defend.<sup>620</sup> If means could be found to mitigate the economic impact, Gibraltar could be brought within the customs territory before Spain could have a say in the matter. However, bringing Gibraltar fully inside the EEC would have other implications. The application of VAT and the harmonisation of tax would be opposed by 'trading and other interests in Gibraltar' while inclusion within the CAP could lead to a rise in food prices.<sup>621</sup> Moreover, Gibraltarians would wish to see some positive outcomes from drawing closer to the Community, specifically the right to representation in the European Parliament — the first elections to which were due in June 1979 — and perhaps financial assistance from the Community. Nevertheless, O'Neil was convinced it would be in 'Gibraltar's long term advantage to move as close to assuming all the obligations and attributes of a member state as possible':

I am convinced that in the long run both Gibraltar's prosperity and the best prospects of an improving relationship with Spain lie in the integration of both Spain and Gibraltar as well as the United Kingdom in the European Community.<sup>622</sup>

Daunt could see the political advantages and told the Governor that minimising the differences between Gibraltar and Spain following accession would 'reduce the

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<sup>620</sup> TNA FCO 9/2803, Spanish membership of the EEC: Implications for Gibraltar, 30 April 1979.

<sup>621</sup> Ibid.

<sup>622</sup> TNA FCO 9/2803, O'Neill to Gordon, 30 April 1979.

significance of the border once it is re-opened and both territories are EEC members'. 'The less differences, the greater the chances of the "EEC context" contributing to a solution to the Gibraltar problem,' he wrote. There was therefore a 'prejudice at the official level' in favour of bringing Gibraltar inside the customs area, CAP and VAT, in advance of Spanish entry, and a prejudice against a continuation of the 'halfway house'. The case for doing so was 'predominantly a political one' and the economic implications would need to be carefully studied.<sup>623</sup> It was agreed that an economic adviser, Professor Clayton, and a legal adviser, Mr Parry, should be sent to Gibraltar at the end of June 1979. The pair met ministers, the Chamber of Commerce, and representatives from the European Movement, and despite some misgivings reported 'a general willingness' to consider integrating Gibraltar further into the EEC. Everyone accepted that the application of VAT was connected to the Common Customs Tariff (CCT), and the Common Agricultural Policy (CAP), so that inclusion in one meant inclusion in all, and everyone 'stressed that fuller participation in the Community meant that Gibraltar should have a vote in the Assembly'.<sup>624</sup> No taxation without representation. Despite the need to investigate the economic aspects, O'Neill thought there had been a 'considerable advance' in getting Gibraltarians to approach the EEC on a more positive basis, rather than simply as a means of getting the restrictions lifted. 'We must help them to make the act of faith of going for complete integration,' he told the head of SED.<sup>625</sup> However the economic analysis when it arrived made for 'sombre reading'.<sup>626</sup> Bringing Gibraltar within the scope of the CCT, CAP and VAT would result in the annual loss of £4 million worth of import duties, cost the government up to £6 million a year in foreign exchange costs and add up to 22 per cent to the retail price

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<sup>623</sup> TNA FCO 9/2803, Daunt to Jackson, 8 June 1979.

<sup>624</sup> TNA FCO 9/2804, Visit to Gibraltar by A Parry, FCO Legal Advisers, 19-22 June 1979.

<sup>625</sup> TNA FCO 9/2804, O'Neill to Daunt, 12 July 1979.

<sup>626</sup> TNA FCO 9/2804, Daunt to O'Neill, 20 July 1979.



index.<sup>627</sup> It was hard to avoid the conclusion that ‘the economic cost of further integration in the EEC for Gibraltar would be so high as to override the political advantages’.<sup>628</sup> The Gibraltar Council was informed in October 1979 that closer integration with the EEC ‘would be seriously detrimental to Gibraltar’s interests’.<sup>629</sup> Gibraltar simply could not afford to take this option without “balancing” financial help’ but Britain would not ‘foot the bill’ and it was unlikely funds could be secured through the Community.<sup>630</sup> This conclusion was disappointing for O’Neill, who expressed concern at the ‘longer term implications’ of remaining half-in and half-out of the EEC. ‘If Gibraltar decides against coming into a single customs territory with Spain, her economic self-interest demands that she should then exploit to the maximum the differences between the prices of goods on each side of the frontier,’ he argued, resulting in Gibraltar becoming ‘a kind of duty-free hypermarket for the population of Andalusia’:

That would mean that, instead of Spanish membership of the Community working in the direction of closer integration of the Gibraltar economy with that of Spain, and the breaking down of barriers and differences, Gibraltar’s prosperity and survival would come to depend even more than at present on resisting any kind of de facto integration with Spain.<sup>631</sup>

Nor was O’Neill the only one to voice doubts. Isola thought maintaining Gibraltar’s existing exemptions would enable Spain to make difficulties over the removal of the restrictions,

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<sup>627</sup> TNA FCO 9/2804, Daunt to O’Neill, 20 July 1979.

<sup>628</sup> TNA FCO 9/2804, Daunt to Goodenough, 6 August 1979.

<sup>629</sup> GNA C/M Paper 247/79, 10 October 1979.

<sup>630</sup> TNA FCO 9/2805, Daunt to Fergusson, 28 November 1979.

<sup>631</sup> TNA FCO 9/2805, O’Neill to Daunt, 23 November 1979.

and hand them the chance to be 'awkward' over the movement of goods at the frontier once Spain joined the EEC. He favoured joining the Community 'lock, stock and barrel'. Gibraltar could afford the extra costs and make the necessary adjustments but if it retained its 'privileged position' then 'Spain would give her as much trouble as it could devise'.<sup>632</sup> Isola's line reflected the 'traditional much more pro-European and pro-Community stance of his Party and its forerunner the Integration with Britain Party' which had favoured complete integration with the EEC, at least in principle, at the time of Britain's accession.<sup>633</sup> But Isola was in opposition, and the governing AACR decided it needed to preserve Gibraltar's exemptions. Despite some disappointment at this outcome, the EID's Mr Fitzherbert concluded that the advantage of fully integrating Gibraltar with the Community was 'more of presentation than of substance' and 'the real strength of our position', based on Gibraltar's existing status, could still 'be exploited effectively if we play our cards right'.<sup>634</sup>

## **5.6 The Road to the Lisbon Agreement (1979-1980)**

The man responsible for how and when Britain played its cards was Foreign Secretary, Lord Carrington. However, his first six months in office were dominated by the negotiations that led to the Lancaster House agreement in December 1979, ending the Zimbabwean civil war. As we have seen, there was now greater legal clarity over the incompatibility of Spain's frontier restrictions with EEC membership, but as EID pointed out, the extent to which Britain linked the two was ultimately a political choice. Ahead of his first meeting with Oreja in September 1979, Carrington told Thatcher he believed Spain's EEC negotiations

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<sup>632</sup> TNA FCO 9/2912, O'Neill to Daunt, 19 March 1980.

<sup>633</sup> Ibid.

<sup>634</sup> TNA FCO 9/2805, Fitzherbert to Healey, 20 September 1979.

offered ‘the best prospect in the foreseeable future to put Spain under sufficient pressure to get the restrictions lifted and reach an overall understanding’. It had become clear, however, that Spain was ‘unlikely to move unilaterally’ so Carrington wished to explore the idea of a ‘package approach’ with the restoration of Gibraltar’s links with Spain coupled to the start of talks about ‘a new political status’. The Foreign Secretary acknowledged this was unlikely to be welcomed by Gibraltarian leaders who would prefer no initiative was taken ‘beyond threatening to veto Spanish entry’.<sup>635</sup> Carrington’s memo was shared with other members of the Overseas and Defence Policy Committee, but not everyone agreed with his assessment. Trade secretary, John Nott, thought Britain was ‘now in an extremely strong position to argue for the restoration of Gibraltar’s links with Spain as part of the EEC negotiation, without giving away in return talks on a new political status’. This was not a ‘case for diplomacy but for standing firm’.<sup>636</sup> Forced to return to the theme, Carrington admitted the Spaniards were ‘on a hook’ but simply pressing them to lift the restrictions did not hold out ‘much hope of success’ as ‘their own public opinion’ would not permit them to take unilateral action without something in return. ‘For the UK to sit back in such circumstances could lead to serious damage to our wider EEC interests and our bilateral trading interests,’ he warned, impeding, amongst other things, the prospect of ‘large scale arms sales’.<sup>637</sup> The negotiations gave the UK ‘a lever’ to get the restrictions lifted but this could ‘cut both ways’ as the French, who opposed Spanish membership on economic grounds, might delay the negotiations and blame Britain. Furthermore, removing the restrictions was only a ‘partial solution’ there was still a need for ‘an overall understanding’.<sup>638</sup> At their subsequent meeting, Oreja backed the idea of a ‘political’

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<sup>635</sup> TNA PREM 19/769, Carrington to Prime Minister, 13 August 1979.

<sup>636</sup> TNA PREM 19/769, Nott to Carrington, 20 August 1979.

<sup>637</sup> TNA PREM 19/769, Carrington to Prime Minister, 6 September 1979.

<sup>638</sup> Ibid.

approach, and raised the prospect of 'parallel' declarations; one from Spain on the removal of restrictions, and one from Britain on its willingness to negotiate Gibraltar's 'territorial status'. Carrington thought the idea worth exploring but the word 'sovereignty' should be avoided as it would be seen as a 'sell out' by the Gibraltarians.<sup>639</sup> At a meeting at the FCO four days later, at which Hassan and the Governor were present, the parallel declarations began to take shape. The Governor was keen to take the initiative and his draft declarations emphasised the European context:

Spanish Declaration: In view of the Spanish Government's application to join the EEC and accede to the Treaty of Rome, communications by sea, land and air will be restored between Gibraltar and Spain.

British Declaration: HMG are prepared to discuss the future of Gibraltar in the context of the EEC.<sup>640</sup>

According to Jackson, FCO officials 'wanted to delete' any reference to the EEC from the British declaration but the Governor insisted any discussion of the 'future of Gibraltar' without the EEC qualification would be entering dangerous territory.<sup>641</sup> While work continued on the drafts, Oreja and the Spanish government were coming under pressure to show signs of progress. Although the UCD claimed a second electoral mandate in March 1979, the first under the new constitution, regional elections the following month showed a mark swing to the left, with PSOE and the *Partido Socialista de Andalucía* (PSA) using their strong showing in Andalucía to pile pressure on the government for a change of policy at the frontier. In October 1979 there were demonstrations and strikes in La Línea

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<sup>639</sup> TNA PREM 19/769, Carrington to FCO, 24 September 1979.

<sup>640</sup> Jackson and Cantos, *From Fortress to Democracy*, pp. 225-226.

<sup>641</sup> *Ibid.*

and in November PSOE tabled a motion for a debate on the issue in the *Cortes*. Nor was political pressure the only thing the government had to worry about. Less than a year after a military plot to halt the transition to democracy had been thwarted, ‘Spanish Army officers’ told Oreja it would be ‘impossible to contemplate NATO membership’ if a solution to the Gibraltar problem was not on the horizon.<sup>642</sup> After two years when the Gibraltar issue had been of ‘relatively minor importance’ as the country grappled with more immediate problems, there were now signs that ‘a number of important strands of Spanish foreign policy’ were coming together, including membership of the EEC (the negotiations for which were proceeding extremely slowly) and NATO, to which Gibraltar might provide the key.<sup>643</sup> At the beginning of December 1979, Oreja made a speech to the Senate Foreign Relations Committee which did little to dispel doubts in London and Gibraltar that Spain was serious about lifting the restrictions. Oreja claimed it was ‘simplistic and erroneous’ to believe the frontier restrictions were incompatible with the Treaty of Rome when EEC norms did not apply to Gibraltar in their entirety because of the Rock’s ‘*régimen especial*’. What is more, the so-called frontier was actually a line across two portions of Spain’s national territory.<sup>644</sup> Oreja’s speech, and the leak of detailed defensive supplementaries prepared by his ministry, showed beyond any doubt that the Spanish government, at least in public, did ‘not accept that the restrictions will need to be got rid of before Spain can join the EEC’.<sup>645</sup> The idea of bringing Gibraltar fully into the EEC in order to counter some of these arguments had been, as we have seen, looked at and rejected. Meanwhile there was a growing awareness that the EEC context might cut both ways.

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<sup>642</sup> TNA PREM 19/769, Acland to Carrington, 1 November 1979.

<sup>643</sup> Ibid.

<sup>644</sup> [‘special regime’]

‘Oreja señala la necesidad de una negociación sobre Gibraltar’, *ABC*, 7 December 1979, p.13.

<sup>645</sup> TNA FCO 9/2915, Parsons to Daunt, 4 February 1980.

Estimates had shown the likely cost to Gibraltar of complying with EEC regulations on social security payments to former Spanish workers could total as much as £3.75 million a year. This represented 'a pistol at Gibraltar's head' which Spain might choose to use.<sup>646</sup> Issues such as these shifted the balance of argument in favour of a more comprehensive bilateral agreement as opposed to relying solely on the EEC negotiations. Assuming Oreja's unhelpful intervention in the *Cortes* had been primarily for 'the domestic gallery' Carrington instructed the British Ambassador to float the idea of separate declarations at the end of December.<sup>647</sup> The offer amounted to British assistance to enable the Spanish government to change course 'without undue loss of face'. Admittedly the 'close linkage' between the lifting of restrictions and the start of talks posed 'difficulties' as the British government had always insisted no concessions should be expected, but conscious of time constraints — 'particularly in the EEC context' — Carrington expressed his desire 'to press ahead'.<sup>648</sup> The Spanish response was disappointing. On 30 January 1980, the Spanish Ambassador, the Marqués de Perinat, delivered a hard line document which 'took no account of our proposals' or the EEC context and 'restated the traditional Spanish case in terms familiar from the 1960s'.<sup>649</sup> Parsons was told to respond immediately that this 'old Francoist line would get Spain nowhere' but if this sort of thinking prevailed, prospects for progress were 'fairly bleak'.<sup>650</sup>

No exchange of royal visits, Perhaps no Spanish purchase of Rapier and other defence equipment. And, before long, a crisis (not only with Spain but

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<sup>646</sup> TNA FCO 9/2805, Fergusson to Daunt, 22 November 1979.

<sup>647</sup> TNA PREM 19/769, Acland to Carrington, 7 December 1979.

<sup>648</sup> TNA PREM 19/769, Carrington to Acland, 21 December 1979.

<sup>649</sup> TNA FCO 98/759, Daunt to Whitehead, 15 February 1980.

<sup>650</sup> TNA FCO 98/759, Parsons to Daunt, 5 February 1980.

also perhaps with our Community partners) over Spain's wish to enter the Market at a time when there had been no progress over Gibraltar.<sup>651</sup>

The ambassador thought this was one of those rare occasions where the log-jam could only be broken through direct ministerial contact and a Council of Europe meeting in Lisbon in April 1980 provided the opportunity. Ahead of this crucial encounter, the policy choice facing ministers was rehearsed, namely 'how much use to make of the European Community card'. The Spanish reaction to Britain's proposal had shown there was 'no reason to think' Spain would lift the restrictions 'unless tempted or pushed into doing so'. While successive governments had avoided making a direct link between Spain's EEC application and the lifting of restrictions, the 'drift towards' a formal linkage had become 'irreversible'. Tactically, it was better to exert pressure at the beginning of the negotiations so Oreja fully understood 'the EC implications of his Gibraltar policy'.<sup>652</sup>

In fact, negotiations were proceeding slowly in Brussels, and in early March 1980 an opportunity arose to raise the Gibraltar issue in the context of a Community statement on free movement. Carrington insisted this include 'an unmistakable reference' to the problems caused by the Spanish restrictions.<sup>653</sup> The resulting paper referred to 'some Spanish measures currently in force' which might pose problems.<sup>654</sup> A week before his meeting with Oreja in Lisbon, Carrington informed Thatcher that he had arranged for a number of these 'markers' to be put down at various stages of the negotiations. However, he was aware 'developments in Brussels' were 'unlikely by themselves to change Spanish

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<sup>651</sup> TNA FCO 98/759, Parsons to Daunt, 5 February 1980.

<sup>652</sup> TNA FCO 98/759, 'Gibraltar: Spanish Accession to the EC', 15 February 1980.

<sup>653</sup> TNA FCO 98/759, Carrington to UK Rep Brussels, 29 February 1980.

<sup>654</sup> TNA FCO 98/759, 'Gibraltar in the Spanish Accession Negotiations', 21 March 1980.

policy'. Instead the time had come 'when all these issues should be set out clearly at political level'.<sup>655</sup> On 9 April 1980 Carrington bluntly informed Oreja that it 'would be impossible for the British Parliament to ratify a treaty providing for Spain's accession to the European Community so long as the restrictions on Gibraltar remained in force'.<sup>656</sup> This particular threat shifted responsibility for a veto away from the government *per se*, and on to the British Parliament as a whole, but it had the desired effect. The next day the text of a Joint Anglo-Spanish declaration was agreed at Lisbon. Both governments stressed their desire to strengthen bilateral relations and 'contribute to European and Western solidarity' by resolving the Gibraltar problem. To that end they would 'start negotiations aimed at overcoming all the differences between them on Gibraltar' and the 'measures at present in force' would be suspended. Both sides re-stated their respective commitments, to re-establishing Spain's territorial integrity, and honouring the 'wishes of the people of Gibraltar,' and envisaged steps being taken to open the frontier by 1 June 1980.<sup>657</sup> Although the declaration had been worked on for months, the speed with which it was agreed took everyone by surprise. After several years in which British ministers had shown a reluctance to link the two issues directly, Carrington told Thatcher he 'left Sr Oreja in no doubt about the implications that the restrictions had for Spanish entry into the European Community'. If the Spaniards did row back on their commitment, Britain retained 'the lever of the EC negotiations' and had shown it was prepared to use it.<sup>658</sup> The breakthrough had finally come about, and the EEC factor had been critical, but the news that the frontier was finally going to reopen after 11 years was not greeted with unbridled joy in Gibraltar.

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<sup>655</sup> TNA PREM 19/769, Carrington to Thatcher, 2 April 1980

<sup>656</sup> TNA PREM 19/769, Moran to FCO, 9 April 1980.

<sup>657</sup> TNA PREM 19/769, The Agreed Text of Joint Anglo-Spanish Statement, 10 April 1980.

<sup>658</sup> TNA PREM 19/769, Carrington to Prime Minister, 15 April 1980.



## 5.7 Opposition to Lisbon

Although Hassan's November 1977 initiative with Spain had been backed by the House of Assembly, it had not taken long for opposition to materialise. In January 1979, after the failure of the working groups established in Paris, and with no sign of progress at the frontier, Bossano's GSLP took up the anti-Strasbourg banner. It was clear the only thing Spain wanted to talk about was 'sovereignty', argued Bossano, and as this was 'precisely what we do not want to discuss' there 'should be nothing to talk about'.<sup>659</sup> The Governor contrasted Bossano's 'well attended' and 'overtly anti-Spanish' meetings with an 'increasingly isolated' Hassan.<sup>660</sup> The following month Bossano stepped up his 'stop the talks' campaign with a 10-day series of public meetings and rallies, culminating in two motions calling for the suspension of the Strasbourg process and full disclosure of everything discussed so far. The future of Gibraltar was 'between Britain and Gibraltar exclusively' and the GSLP was 'prepared to live' with the frontier restrictions if lifting them implied 'giving even an inch away'. Despite the motion's defeat by 14 votes to one, Bossano felt his campaign had hit a nerve, and even Hassan was forced to acknowledge there had been a 'hardening' of attitudes in Gibraltar.<sup>661</sup> In August 1979 the leader of the opposition, Maurice Xiberras, resigned his seat and handed leadership of his re-branded integrationist party, the Democratic Party of British Gibraltar (DPBG), to Peter Isola. With a general election due the following year, Hassan decided to call for the dissolution of the House rather than holding a by-election. He delayed for as long as possible to give his one-time political rival, Isola, a chance 'to consolidate his position as leader of the opposition'. This was because Hassan viewed the pro-Spanish PAG as his biggest

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<sup>659</sup> 'GSLP campaign against Strasbourg process', *Gibraltar Chronicle*, 27 January 1979, p.1.

<sup>660</sup> TNA FCO 9/2793, Second thoughts on Gibraltar, 23 February 1979.

<sup>661</sup> "'Stop Strasbourg" motion defeated', *Gibraltar Chronicle*, 28 February 1979, p.1.

electoral threat, and was concerned at the prospect of Triay becoming leader of the opposition and splitting Gibraltar into 'pro and anti-Spanish lobbies' for the first time. The fact he regarded Triay as 'a greater threat to his position' than Bossano shows, his biographers argue, the extent to which the Chief Minister's normally astute political judgement was beginning to fail.<sup>662</sup> In the event, it was Bossano who came second in the poll, just 64 votes behind Hassan, while the latter saw his personal vote fall from 7,225 in 1976 to 4,970 in 1980. The three PAG candidates came last, with two losing their deposits. Even members of Hassan's party were forced to admit it had been a lacklustre campaign, with 'probably the weakest manifesto' the AACR had ever presented.<sup>663</sup> The result may have been an emphatic rejection of the pro-autonomy party, but it was hardly a ringing endorsement of the AACR, which recorded its lowest share of the vote in any of its successful electoral campaigns. In contrast, the election was 'a personal victory for Bossano' who nevertheless remained something of a one-man band, and it was Isola's DPBG which formed the official opposition.<sup>664</sup> Just two months later, the Lisbon Agreement was announced. When the news reached Gibraltar on the evening of the 10 April, Hassan and Isola appeared at a joint press conference, just as they had done in the 1960s, and while both expressed misgivings about the word 'negotiations' they publicly reaffirmed their faith in Britain. This was followed by a somewhat 'uninspiring' address on television the following evening.<sup>665</sup> In contrast, Bossano pounced on what he viewed as validation of his central argument, that Spain would only lift the restrictions if it could get 'something in exchange'.<sup>666</sup> Hassan and Isola were due to leave Gibraltar on 13 April to pay a long-

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<sup>662</sup> Jackson and Cantos, *From Fortress to Democracy*, p.222

<sup>663</sup> Canepa, *Serving My Gibraltar*, pp.114-115.

<sup>664</sup> 'AACR must now put their many houses in order', *Vox*, 9 February 1980, p.1

<sup>665</sup> Jackson and Cantos, *From Fortress to Democracy*, p.232

<sup>666</sup> 'End to restrictions - June 1st deadline', *Gibraltar Chronicle*, 11 April 1980, p.1

awaited visit to the European Parliament in Strasbourg. This allowed Bossano to 'seize the initiative' which he did by organising a 2000-strong rally and demonstration in Casemates, followed by a march on The Convent where he handed in a petition calling for Gibraltar's future to be excluded from negotiations with Spain.<sup>667</sup> Addressing the crowd from the balcony of the Governor's residence, Bossano re-iterated his party's opposition to any talks with Spain, even if this meant the frontier remaining closed, and spoke of the need for immigration and security controls to protect Gibraltar after Spain's entry into the EEC.<sup>668</sup> Jackson and Cantos conclude this was the moment Bossano 'sensed the mood of the people more accurately' than Hassan.<sup>669</sup> It is worth pausing here to examine Bossano's remarkable political rise. Once memorably described as 'a cross between Lech Walesa and Ken Livingstone,' Bossano certainly possessed personal charisma and was able to tap into growing feelings of trepidation amongst younger Gibraltarians at the prospect of the frontier reopening.<sup>670</sup> For Bossano's GSLP there were sound economic reasons to be wary. As Hassan himself admitted, salaries had 'more than doubled' in the ten years since the withdrawal of the Spanish cross-border labour force, and in some respects the closed frontier had contributed to an improvement in living standards.<sup>671</sup> Protecting the rights of Gibraltar's existing workforce once employers regained access to cheap non-resident labour was a major concern, not just to Gibraltarian workers but to the Moroccans who had helped fill the gap. Although Bossano built support from his trade union base, the uncertainty and confusion caused by Spain's entry into the EEC went beyond any one section of the community. Once Spain became a member, there would be nothing to stop

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<sup>667</sup> Jackson and Cantos, *From Fortress to Democracy*, p.233.

<sup>668</sup> 'Petition to Lord Carrington handed in at Convent', *Gibraltar Chronicle*, 14 April 1980, p.1.

<sup>669</sup> Jackson and Cantos, *From Fortress to Democracy*, p.232.

<sup>670</sup> Joe Garcia, 'Jostling begins as election looms', *Financial Times*, 25 February 1983.

<sup>671</sup> 'Sorpresa anglogibraltareño ante el acuerdo Oreja-Carrington', *ABC*, 12 April 1980, p.11.

Spaniards establishing businesses or buying property on the Rock, leading to fears of a 'planned economic or demographic invasion'. A determined group of Spanish 'patriots' might be able to 'buy the colony back from Britain bit by bit'.<sup>672</sup> In addition to these economic and demographic concerns, there were also security and safety concerns, fuelled by the ETA terrorist campaign in mainland Spain, which included holiday resorts in the nearby *Costa del Sol*. Finally, the wording of the Lisbon declaration, and Britain's willingness to negotiate 'all differences' over Gibraltar, revived latent fears about British intentions. With just six weeks between the signing of the Lisbon Agreement and the deadline of 1 June 1980 for the opening of the frontier, all these issues came to the fore. While Hassan and Isola were pressing the case for Gibraltarian representation in the European Parliament in Strasbourg, there were some in Gibraltar who were beginning to view the EEC, once Spain joined, as a 'palpable threat' to Gibraltar's future.<sup>673</sup>

## 5.8 Obstacles

The effort to convince the Spanish government to implement Lisbon over a period of two and a half years has been likened to 'playing snakes and ladders on a board with far more snakes'.<sup>674</sup> Suffice to say, the repeated postponement of the frontier reopening damaged the standing of those Gibraltarian politicians who had supported the process and boosted those elements that had opposed it. In time this discontent would extend beyond Lisbon to encompass larger questions about Gibraltar's future place in the EEC. The 1 June 1980 deadline came and went with no sign that the frontier gates would be unlocked. It had not taken long for differences to emerge over the practical arrangements for the reopening, but

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<sup>672</sup> Nicholas Bethell, 'Why Gibraltar prefers the siege life', *The Times*, p.12.

<sup>673</sup> *Ibid.*

<sup>674</sup> Jackson and Cantos, *From Fortress to Democracy*, p.234.

there was also a sense that Oreja may have ‘gone beyond his brief’ at Lisbon, and encountered blowback from hardliners.<sup>675</sup> One issue above all emerged as the major ‘stumbling block’; it was ‘reciprocity’ or what Spain referred to as ‘equal rights’ for its citizens.<sup>676</sup> Once Spain joined the EEC, Spaniards would enjoy the same right to establish a business, work or take up residence in Gibraltar as other EEC nationals, but there was still no firm accession date. Spain interpreted the key passage in the Lisbon agreement, which referred to ‘future cooperation’ on the basis of ‘reciprocity’ and ‘equality of rights’, as applying from the moment the frontier opened. While Britain and Gibraltar understood ‘future co-operation’ to be in the context of the negotiations that would begin simultaneously and not as a pre-condition for the opening of the frontier. Whatever the state of negotiations in Brussels, Spain could not accept its citizens would have an inferior status in Gibraltar to EEC nationals. As the Spanish Ambassador put it ‘*sería absurdo que un español en Gibraltar fuese inferior a uno holandés o italiano*’.<sup>677</sup> For Hassan, the whole question was a ‘red herring’. ‘Spanish nationals would acquire those rights once Spain becomes a member of the Community,’ he told a Spanish radio station, ‘but to expect to obtain a concession now in anticipation of Spain joining and under guise of an agreement which doesn’t even mention the matter would put us back to the “dialogue of the deaf”’.<sup>678</sup> In one sense, the debate over reciprocity came down to a question of timing: should Spaniards enjoy EEC-style rights in Gibraltar from the moment the frontier reopened, or only once Spain joined the EEC? To those Gibraltarians already disturbed by the prospect of Spanish entry, the debate over reciprocity confirmed their anxieties. In July 1980,

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<sup>675</sup> Francis Cantos, ‘Oreja out in Spanish Government reshuffle’, *Gibraltar Chronicle*, 9 September 1980, p.1

<sup>676</sup> ‘Equal rights “stumbling block” to frontier opening’, *Gibraltar Chronicle*, 26 August 1980, p.1.

<sup>677</sup> [‘it would be absurd for a Spaniard in Gibraltar to be inferior to a Dutch or Italian.’]

Ignacio Carrión, ‘Se abrirá la verja en cuanto se asegure un “status” a los españoles del Peñón’, *ABC*, 28 November 1980.

<sup>678</sup> ‘EEC rights argument shown up as Red Herring’, *Gibraltar Chronicle*, 13 January 1981, p.1.

Bossano put down a motion against Spanish nationals being given ‘full equality of rights with Gibraltarians in Gibraltar’ at any time, regardless of Lisbon or the state of the EEC negotiations. Gibraltar was simply too small, he argued. Nowhere in Europe was there such a disparity in size between neighbours and in Gibraltar’s case the giant on its doorstep was actively seeking to engulf it.<sup>679</sup> Bossano argued ‘special arrangements’ would be needed to protect Gibraltar’s economy and ‘labour force’.<sup>680</sup> He was not alone. Solomon Seruya, an ex-AACR minister drafted in to advise the Chamber of Commerce, argued Gibraltar’s EEC status ‘should be downgraded’ to protect local traders.<sup>681</sup> As we have seen, there had already been some debate over whether Gibraltar should seek a *closer* relationship to the EEC prior to Spain’s accession, now the argument was moving in the opposite direction, in favour of further exemptions. The Financial and Development Secretary, Reg Wallace, warned ministers that attempting to re-negotiate Gibraltar’s position within the EEC prior to Spanish accession ‘was not a feasible proposition’.<sup>682</sup> Neither did the idea of further derogations find much support in Whitehall where it was thought it would ‘take away a main plank of our position over Gibraltar, namely that the territory is a part of the Community and that, once Spain joins, Community rules apply’.<sup>683</sup> When Lord Bethell, chair of the Gibraltar in Europe Representation Group, six MEPs who had agreed to informally represent Gibraltar at the European Parliament, put the question of reciprocity to the European Commission, the answer was unequivocal. After Spain’s accession, EEC rules governing freedom of movement would apply ‘uniformly throughout the Community, in Gibraltar as well as Spain’, although there might be a need for

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<sup>679</sup> “‘Equality of rights’ and mutual benefits’, *Gibraltar Chronicle*, 23 July 1980, p.1.

<sup>680</sup> TNA FCO 98/760, Minutes of Meeting of Gibraltar Council of Ministers, 16 July 1980.

<sup>681</sup> GNA, C/M Paper No. 224/90, 16 July 1980.

<sup>682</sup> *Ibid.*

<sup>683</sup> TNA FCO 9/2912, Daunt to Fergusson, 31 October 1980.

'transitional arrangements'.<sup>684</sup> Officials within the MFA reacted with 'dismay' and were particularly irked by the suggestion that Spaniards might have to wait beyond accession to enjoy EEC rights in Gibraltar should transitional arrangements be required.<sup>685</sup> Carrington thought the Spaniards had 'no one but themselves to blame for this sort of development' which appeared to confirm the British thesis on 'reciprocity' but nevertheless held out an olive branch to Spain that nothing said in Strasbourg precluded the possibility of a bilateral agreement on the status of Spaniards in Gibraltar prior to accession.<sup>686</sup> In December 1980, Bossano launched a second attempt to get the House of Assembly to back a motion on Spanish rights. His first had been stymied by a government-backed amendment but this time he succeeded in passing a motion that 'Spanish nationals cannot be granted the same rights as EEC nationals in Gibraltar prior to Spain attaining full membership'. Despite condemning the motion as 'unnecessary' Hassan voted in favour, acknowledging that Spain's failure to implement the Lisbon Agreement had left many Gibraltarians 'totally disillusioned'.<sup>687</sup> In time, his support for the amendment would come back to haunt him.

Viewed from Gibraltar, Spain's unwillingness to implement Lisbon and desire to 'jump the queue' for EEC rights was seen as 'unacceptable unreasonableness'.<sup>688</sup> After all Greece, which was set to become the tenth member of the EEC on 1 January 1981, would have to wait seven years before it could take full advantage of free movement. But the Spanish government's reluctance to reopen the frontier was merely one symptom of the governing UCD's domestic weakness. In May 1980 it had narrowly survived a censure motion put

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<sup>684</sup> TNA FCO 98/760, Gibraltar: Lord Bethell's Question to the European Parliament, 21 November 1980.

<sup>685</sup> TNA FCO 98/760, Maud to FCO, 21 November 1980.

<sup>686</sup> TNA FCO 98/760, Carrington to Madrid, 24 November 1980.

<sup>687</sup> Francis Cantos, 'Firm "No" to premature EEC rights for Spain', *Gibraltar Chronicle*, 19 December 1980.

<sup>688</sup> 'Spain cannot jump the queue', *Vox*, 6 December 1980.

down by Felipe González's PSOE, but it was in the field of European relations, which had been so key to progress at Lisbon, that the Spanish government received its biggest blow. Shortly after Lisbon had been agreed, the French President Giscard d'Estaing delivered a stinging blow to Spain's European ambitions, calling for a halt to enlargement until the Community's existing problems had been resolved. The '*giscardazo*' was both 'incomprehensible' to Spanish public opinion, and extremely damaging to the UCD government.<sup>689</sup> A growing sense of disillusionment with Europe was exacerbated by nightly scenes of angry French farmers intercepting and destroying lorry-loads of Spanish vegetables on their way to the EEC market. The view took hold that perhaps Spain had been naive in thinking Europe could provide the answer to its problems. The Spanish weekly '*Blanco y Negro*' summed up the mood in June 1980:

*el apoyo moral prestado por el Occident europeo al lanzamiento de nuestra democracia, indujo a muchos a creer que todos nuestros contenciosos históricos y políticos con Europa iban a terminar: España ingresaría en la CEE y Gran Bretaña nos devolvería Gibraltar. Incluso el Gobierno parece ser que se creyó esa inocentada y claro la decepción fue grande, confirmando una de nuestras más absurdas convicciones...La de que Europe no nos quiere.* <sup>690</sup>

In this atmosphere it was perhaps unsurprising that the UCD government did not have the confidence to proceed with reopening the frontier. With the EEC negotiations going

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<sup>689</sup> Alonso, *España en el Mercado Común*, p.140.

<sup>690</sup> ['The moral support given by Western Europe to the launch of our democracy led many to believe that all our historical and political disputes with Europe were going to end: Spain would join the EEC and Great Britain would return Gibraltar. Even the Government seems to have believed that foolishness and of course the disappointment was great, confirming one of our most absurd convictions...That Europe does not love us.']

Manuel Blanco Tobio, 'Por que Europa nos rechaza?', *Blanco y Negro*, 25 June 1980, p.22.



nowhere until the French presidential elections the following year, the Spanish government switched its focus to NATO, and Oreja announced the government's bid for membership just 10 days after Giscard's comments. However the initiative came too late to save Oreja who was dismissed in September 1980. Matters scarcely improved in the new year, with the shock resignation of Suárez in January 1981, and an attempted military *coup d'état* on the day that his successor, Leopoldo Calvo-Sotelo, was due to be appointed Prime Minister. The UCD government's decision to switch its focus from the EEC to NATO membership was, as Casanova and Gil Andrés outline, an attempt to 'salvage' the situation by strengthening 'Spain's negotiating position in Brussels'; narrowing the rift with the UK over Gibraltar; and modernising the armed forces or as they put it 'taking Spain to Europe and bringing Europe to the army'.<sup>691</sup> Carrington told Thatcher there were strong strategic reasons for supporting Spanish membership of NATO, but unlike the EEC situation, there was no 'legal or constitutional constraint on Spain joining even with the border restrictions maintained'.<sup>692</sup> Anglo-Spanish relations were not helped by a diplomatic spat in the summer of 1981 over the decision of the royal newly weds, Prince Charles and Lady Diana, to start their honeymoon in Gibraltar, nor by the passing of an amendment to the British Nationality Bill in the House of Lords which sought to grant full British citizenship to Gibraltarians by virtue of Gibraltar's place within the EEC. Ahead of a meeting with Thatcher, press reports indicated Calvo-Sotelo was prepared to open the frontier but would demand the British government reversed the Lords amendment in return.<sup>693</sup> Realising it did not have the numbers in the Commons to overturn it, the Thatcher government passed the new nationality law in October 1981, to the delight of Gibraltarians who could point to it as a clear example of the 'Rock's European connection' achieving something no other

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<sup>691</sup> Casanova and Gil Andrés, *Twentieth Century Spain: A History*, p.326.

<sup>692</sup> TNA PREM 19/1976, Carrington to Prime Minister, 1 May 1981.

<sup>693</sup> Pablo Sebastian, 'Calvo Sotelo quiere anunciar en Londres la apertura de la frontera con Gibraltar', *El País*, 4 October 1981.

dependent territory had managed.<sup>694</sup> By this time, Calvo-Sotelo's UCD was engaged in what the former prime minister himself describes as 'a civil war' within its ranks.<sup>695</sup> It lost the support of its social democratic wing, following the resignation of Francisco Fernández Ordóñez in August, while simultaneously alienating its Christian Democratic wing, over a controversial divorce law, and the military, who opposed its regional policy. Calvo-Sotelo's failure to set a date for the re-opening of the frontier, whilst 'scarcely courageous', was 'explicable' in view of the government's weak domestic standing, according to the British ambassador.<sup>696</sup> Ahead of the meeting with Thatcher in January 1982, Parsons warned London that the Spanish Prime Minister and his Foreign Minister, the Cádiz native, José Pérez-Llorca, were both 'scared about the attitude of the armed forces'.<sup>697</sup> They were not 'wily negotiators' but 'highly nervous politicians' and the government itself was in a 'very shaky position'.<sup>698</sup> After 'considerable heart-searching' the Spanish cabinet agreed that an announcement could be made in London, and the frontier re-opening and the beginning of negotiations in Sintra was set for 20 April 1982.<sup>699</sup> The breakthrough followed a three-hour meeting at Downing Street and was hailed as a 'triumph of common sense' by Carrington.<sup>700</sup> A face-saving formula was devised to sidestep the issue of reciprocity so that Calvo-Sotelo could claim the position of Spaniards in Gibraltar after the frontier opened would be an improvement on 1969, while Hassan could claim Spaniards would

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<sup>694</sup> 'Gibraltar must stay in Europe with Britain' — says Movement's local branch, *Gibraltar Chronicle*, 4 March 1982, p.1.

<sup>695</sup> Leopoldo Calvo-Sotelo, *Memoria viva de la transición* (Barcelona: Plaza & Janes/Cambio 16, 1990), p. 32.

<sup>696</sup> TNA PREM 19/1976, Annual Review from Spain for 1981, 2 January 1982.

<sup>697</sup> TNA PREM 19/769, Parsons to FCO, 30 December 1981

<sup>698</sup> TNA PREM 19/769, Parsons to FCO, 29 December 1981.

<sup>699</sup> TNA PREM 19/769, Richards to Wilson, 4 January 1982.

<sup>700</sup> Ignacio Carrión, 'Moderado optimismo británico ante la nueva etapa de diálogo con Madrid', *ABC*, 10 January 1982, p.5.

have ‘the same status as non-EEC nationals’.<sup>701</sup> Britain agreed not to make any public mention of a Spanish pledge to alter the prohibited air space over the Rock but refused to accommodate Calvo-Sotelo’s request to exclude Hassan from the British delegation at Sintra.<sup>702</sup> Since Strasbourg, it was now impossible to imagine talks on Gibraltar’s future taking place without their leaders present. After a shaky start, the Lisbon process looked like it might finally bear fruit. With a firm date now agreed for the opening of the frontier in three months time, Hassan confidently stated that ‘only “*force majeure*” can stop it now!’<sup>703</sup>

While the Argentine invasion of the Falkland Islands on 2 April 1982 was undoubtedly the biggest ‘snake’ on the board, the events in the South Atlantic did little to alter the underlying rationale behind the Lisbon process: the need to reconcile Spain’s impending membership of the EEC with the removal of the frontier restrictions. The repeated postponements were certainly a ‘boost’ to those ‘elements in Gibraltar who had never trusted the Spanish government’.<sup>704</sup> But this dynamic had been present before the crisis began. Indeed on the morning of the invasion, the Deputy Governor had written to warn of the ‘growing fear’ in Gibraltar that continued membership of the EEC, and the prospect of Spaniards acquiring EEC rights, threatened ‘the coherence of local society’.<sup>705</sup> Two months earlier, the Chamber of Commerce had openly questioned whether Gibraltar might be better off opting out of the EEC altogether, arguing the Rock’s status was already ‘difficult to pin down’ and EEC legislation was inhibiting efforts to develop an offshore

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<sup>701</sup> Francis Cantos, ‘Frontier re-opening on April 20 - and negotiations commence,’ *Gibraltar Chronicle*, 9 January 1982, p.1.

<sup>702</sup> TNA PREM 19/770, Parsons to FCO, 16 June 1982

<sup>703</sup> Francis Cantos, ‘Frontier re-opening on April 20 - and negotiations commence,’ *Gibraltar Chronicle*, 9 January 1982, p.1.

<sup>704</sup> TNA PREM 19/770, Parsons to FCO, 19 June 1982.

<sup>705</sup> TNA FCO 9/3396, ‘Gibraltar and the European Community’, 2 April 1982.

financial centre.<sup>706</sup> Then there were those like John Cortes, a young executive officer with the Gibraltar Union of Students, who pointed to the ‘beneficial effects’ of the closed frontier, especially the impact it had had on the development of ‘the Gibraltarian identity’. It was important this was not threatened or lost by the momentous changes which were about to take place.<sup>707</sup> Meanwhile, Bossano and the GSLP remained highly critical of the Lisbon process because it meant Gibraltar’s future was ‘up for discussion’. He vowed to campaign against any agreement which came out of it and to ‘get public opinion against it’.<sup>708</sup> In short, those committed to Lisbon, like Hassan, already faced an uphill task in persuading many Gibraltarians it was the right way to proceed even before the Falklands crisis torpedoed any chance of it being implemented. Despite Calvo-Sotelo’s insistence that the Falklands and Gibraltar were ‘*problemas...distintos y distantes*’ it soon became apparent this was wishful thinking.<sup>709</sup>

Within days of the invasion, Thatcher asked for an urgent military assessment of the Spanish threat to Gibraltar. Officials believed there were ‘powerful political restraints’ on Spanish military action against the Rock, not least the upcoming ratification of NATO membership, and the ongoing negotiations with the EEC, but could not rule out the possibility of action from ‘extremist right wing elements’ within the armed forces ‘opposed to their government’s position of re-opening the border and negotiating with Britain’.<sup>710</sup> Certainly the threat was taken seriously enough for the Governor to request, and receive,

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<sup>706</sup> ‘Traders question Gibraltar’s relationship with EEC’, *Gibraltar Chronicle*, 24 February 1982, p.1.

<sup>707</sup> ‘Public meeting suggestion to discuss open frontier’, *Gibraltar Chronicle*, 16 February 1982, p.4.

<sup>708</sup> ‘News not welcomed by GSLP leader’, *Gibraltar Chronicle*, 9 January 1982, p.1.

<sup>709</sup> [‘different and distant problems’]

Quoted in Juan José Téllez, *Yanitos: Viaje al corazón de Gibraltar (1713-2013)*, (Sevilla: Centro de Estudios Andaluces, 2013) p.394.

<sup>710</sup> TNA PREM 19/770, ‘Gibraltar: Is there a Spanish Military Threat?’. 5 April 1982.

enhancements to Gibraltar's defence capability. In this tense atmosphere, the British government happily accepted a suggestion by the Spanish Foreign Minister to postpone the opening of the frontier, and the start of negotiations, until 25 June 1982. The new date pushed the planned re-opening of the frontier past Spain's formal acceptance into NATO at the beginning of June. Once again, Spain looked set to be accepted into a Western international organisation, just as it had twenty years earlier with the OEEC, without any movement on the frontier restrictions, reinforcing the suspicion in some quarters that when it came to Spain's acceptance into the EEC, Britain would again prioritise its own interests. The British government had hoped that the border would be opened well ahead of Spain's accession but further postponements might force Britain 'to block Spain's entry to the EEC' and create an entirely new set of problems. Britain could find itself 'as the major obstacle to the Spanish government's wish to be closer identified with Western Europe' a trend it was 'very much in our interests to encourage'.<sup>711</sup> The British Ambassador warned that another postponement would spell 'the end' of the bilateral Lisbon process and Spain would be left with the 'worse alternative of opening the frontier simply in order to get into the Community'.<sup>712</sup> The Argentine surrender on 14 June 1982, a week before the new Foreign Secretary, Francis Pym, was due to meet his Spanish counterpart in Luxembourg to finalise plans for the Sintra conference, did little to improve the situation. The Spanish cabinet called for another postponement, and this time, no new date was set. As Parsons put it, 'nimble footwork can scarcely be expected from a Prime Minister with feet of clay'.<sup>713</sup> The UCD coalition was by this point coming apart at the seams. Elections in Andalusia in May 1982 had been an embarrassment, and the Spanish government had barely survived two recent parliamentary votes. The prospect of failure was too great for Calvo-Sotelo to

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<sup>711</sup> TNA FCO 9/3372, Wilson to Connor, 17 June 1982.

<sup>712</sup> TNA PREM 19/770, Parsons to FCO, 16 June 1982.

<sup>713</sup> TNA PREM 19/770, Parsons to FCO, 17 June 1982.

risk another setback. At the Luxembourg meeting on 21 June, Pérez-Llorca blamed the latest postponement on 'internal difficulties, especially the Spanish military'. While Pym reiterated that the frontier would have to open by the time Spain joined the Community.<sup>714</sup> The latest postponement was a hammer blow for Hassan who had staked his reputation on the Lisbon process. Just days before the announcement, he told the *Gibraltar Chronicle* that he expected the frontier to open as planned, and it was 'neither healthy nor good to be isolated forever from the rest of Europe at a time when there is so much talk about a united Europe'.<sup>715</sup> His reaction to the postponement was 'deep disappointment' and 'bitter realisation' that his efforts had been in vain. His 'humiliation' stemmed from the fact he had always supported the British policy of 'using the carrot rather than the stick' while Bossano and others had characterised this as 'unrealistic'.<sup>716</sup> Hassan angrily told the governor he could not support further moves to 'placate the Spaniards'.<sup>717</sup> Bossano, sensing his moment, told a packed public meeting in Casemates that he was not prepared to make 'any concessions' in return for the lifting of restrictions.<sup>718</sup> If attitudes were hardening in Gibraltar, this was mirrored at the top of the British government. Thatcher 'doubted' her government would ever have agreed to Lisbon had they 'already undergone the recent Falklands experience' while Pym wondered whether it might have been better to 'insist that the frontier should be opened before Spain entered NATO'.<sup>719</sup> Although the Lisbon process was now on life support, Thatcher believed Britain should continue to support Spanish membership of the EEC, while 'making it plain' that the frontier would have to open 'before

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<sup>714</sup> TNA FCO 9/3372, Thomas to FCO, 21 June 1982.

<sup>715</sup> 'Chief Minister - Looking ahead in spirit of realism', *Gibraltar Chronicle*, 19 June 1982, p.1.

<sup>716</sup> TNA FCO 9/3372, Governor to FCO, 21 June 1982.

<sup>717</sup> TNA FCO 9/3372, Governor to FCO, 19 June 1982.

<sup>718</sup> 'Bossano calls on Pym: "Tell Spain realities of Gibraltarian views"', *Gibraltar Chronicle*, 24 June 1982, p.1.

<sup>719</sup> TNA PREM 19/770, Coles to Richards, 30 June 1982.

Spain entered'.<sup>720</sup> Officials within SED reached a similar conclusion. There was 'no good alternative to the essentials of the Lisbon process' as a 'policy of undiluted coercion' was 'unlikely to work'.<sup>721</sup> Spain would not re-open the frontier for less than it had already been offered — negotiations on Gibraltar — and it remained in Britain's 'general interest that Spain should be encouraged to integrate further into Western European institutions'.<sup>722</sup> The Spanish government's approach to the Falklands conflict — abstaining in the UN and refusing to support an EEC boycott of Argentina or a Council of Europe resolution condemning the invasion — had merely secured 'the worst of both worlds', angering traditional allies in Latin America and the right wing at home, while alienating their new allies in NATO and prospective partners in the EEC.<sup>723</sup> Calvo-Sotelo and Pérez-Llorca had concluded that without an explicit mention of the word sovereignty, there was nothing to be gained at Sintra, while for Britain such a reference was now 'unthinkable' in light of the Falklands experience.<sup>724</sup>

British diplomats had always feared making the UK the principal obstacle to enlargement but in reality the frontier issue was not the only barrier to Spanish entry. Just days after the postponement of the Sintra conference, the new French President, François Mitterrand, arrived in Madrid and told his hosts that in the prevailing circumstances Spanish entry into the EEC would add 'another misery to the current miseries of Europe'.<sup>725</sup> After 31 rounds, 11 at full ministerial level, Spain's negotiations had failed to move beyond the preliminary stages. Mitterrand's comments provoked an enormous sense of 'disenchantment' in

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<sup>720</sup> TNA PREM 19/770, Coles to Richards, 30 June 1982.

<sup>721</sup> TNA FCO 9/3372, Wilson to Goodison, 23 June 1982.

<sup>722</sup> Ibid.

<sup>723</sup> TNA PREM 19/770, Parsons to FCO, 8 July 1982.

<sup>724</sup> TNA PREM 19/770, Pym to Madrid, 10 June 1982.

<sup>725</sup> James Markham, 'Mitterrand ends tense visit to Spain', *The New York Times*, p.3.

Spain.<sup>726</sup> It was also deeply dispiriting for Calvo-Sotelo's government which was disintegrating as rival factions drifted away, fuelled by personal animosities, and domestic and foreign policy failure. By the summer of the 1982, Calvo-Sotelo had concluded that his government was living on 'borrowed time' and could not survive until March 1983.<sup>727</sup> A general election was called for October 1982. Something significant would need to change for there to be any prospect of progress on Lisbon, or Spain's bid for EEC membership. Meanwhile in Gibraltar, more than two years after the Lisbon agreement had first raised hopes of the border re-opening, a local newspaper poll found 79 per cent of respondents were now opposed to it.<sup>728</sup>

## 5.9 Conclusion

Given the dire state of Spanish-EEC relations at the end of the last chapter, it was obvious that for a 'European solution' to have any chance of success, Franco would have to leave the scene, and with him a regime that had never reconciled itself to the liberal, pluralistic and democratic principles enshrined in the Treaty of Rome. All parties competing in Spain's first free elections in 1977 were committed to EEC membership, and Spain's application in July 1977; the development of a State of Autonomies; Britain's recommitment to Europe and rejection of further constitutional progression for Gibraltar; all combined to create a 'unique historical moment' which boosted prospects for a European solution. Yet much of this early optimism faded and was replaced, in time, by cynicism and mistrust. There were several reasons for this. Those like Hassan and others, who were prepared to think of sovereignty as more than a zero-sum game, something that might be

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<sup>726</sup> Alonso, *España en el Mercado Común*, p.163.

<sup>727</sup> Calvo-Sotelo, *Memoria viva de la transición*, p.77.

<sup>728</sup> Alberto Míguez, 'Los "Llanitos" en contra de la apertura de la verja', *ABC*, p.3.



'pooled' in the context of a united Europe, faced an uphill battle in the atmosphere generated by the closed frontier. The reluctance of the UCD government to abandon Franco-era restrictions without getting something in return, did little to engender trust. The suspicion grew that integration with Europe might simply be a euphemism for integration with Spain. These fears were not allayed when Britain finally chose to play 'the EEC card' in 1980 but did so as part of a 'package' that also included 'negotiations' with Spain on 'all differences' over Gibraltar. As the prospect of Spain joining the UK and Gibraltar in an enlarged EEC drew closer, many Gibraltarians began to fear the consequences of a perfectly legal demographic and economic invasion of their small community, long cut off from mainstream Europe by the iron gates at the frontier. Hassan, who had staked much of his political capital on the Lisbon process, had the most to lose from this hardening attitude, while Bossano did everything he could to stoke and exploit these fears, judging there might be electoral reward in doing so. Spain's failure to implement the terms of the Lisbon Agreement was not, as the Spanish historian Labarta Rodríguez-Maribona makes clear, fundamentally about disagreements over Spanish labour rights, but 'above all' a result of the 'internal crisis' in the UCD caused by Suárez's resignation.<sup>729</sup> Suárez was the 'cornerstone of an unstable building,' and when he left, it quickly collapsed.<sup>730</sup> Such was the weakness of the UCD at this point that even the threat of a British veto in Europe was insufficient to persuade the Spanish government to put its carefully won democratic gains at risk by opening the frontier without getting something in return. Furthermore, the threat of a British veto remained purely hypothetical while French opposition to Spanish entry remained the biggest barrier. By the time the UCD were ejected from power, Spain's negotiations with the EEC had barely advanced. It was clear that only a seismic political change, of the sort brought about by Felipe González's election victory in October 1982,

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<sup>729</sup> Labarta, 'Reino Unido y España', p. 104

<sup>730</sup> Calvo-Sotelo, *Memoria viva de la transición*, p.32.

would be enough to move the dial, both in Brussels, and at the frontier. However, as we will see in the following chapter, the manner in which Spain's new government decided to partially re-open the frontier in December 1982, all but guaranteeing a one-way flow of money out of Gibraltar, significantly altered the rules of the game. Since Franco's death, the pressure had been on Spain to make the first move and its desire for EEC membership and Britain's willingness to link its support with progress at the frontier, were crucial to breaking the impasse at Lisbon. Now, a new government, unencumbered by the Francoist ghosts of the past, was to introduce a new dynamic: economic asphyxiation.

## Chapter 6 – From the partial opening to the Brussels Agreement (1982-1984)

### 6.1 Introduction

The election of PSOE, last in power as part of the Second Republic's ill-fated Popular Front, marked the beginning of the end of Spain's transition to democracy. The Socialists took early steps to demonstrate they were untainted by association with the Franco regime, opening the frontier to pedestrians soon after assuming office. However, this partial re-opening, and PSOE's public commitment to securing EEC membership, did not lead, as many had hoped, to the long-delayed implementation of the Lisbon Agreement. In fact, by accident or design, the pedestrian opening created a new problem: a one-way financial drain out of Gibraltar and an economic crisis compounded by Britain's decision to close the naval dockyard. Hassan's biggest problem however was political. He was soon faced by a determined GSLP opposition which not only rejected the old bipartisan approach to relations with Spain but openly questioned Gibraltar's place in the EEC. Hassan's ability to balance competing interests was tested to the limit, particularly after the GSLP's election breakthrough in January 1984. When it became clear the new Spanish government would not commit to a full reopening of the frontier without getting something in return, the British government, conscious of the need to resolve the question before the accession negotiations went too far, began to look for new 'lubricants'.<sup>731</sup> It hit upon the idea of using advances in Spain's EEC negotiations to substitute 'EEC rights' for the vague wording on 'reciprocity' that had plagued efforts to implement the Lisbon Agreement. This was awkward for Hassan, because local public opinion was moving in the opposite direction, in favour of further protections and exemptions for Gibraltar before Spain joined

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<sup>731</sup> TNA FCO 98/1835, Gibraltar: Record of Meeting Between Secretary of State and Sir Joshua Hassan Held at FCO, 15 November 1983.

the EEC. For a while, Hassan tried to ride both horses at once, but when efforts to secure exemptions from EEC rules came to nothing, he was forced to back the controversial Brussels Agreement to get the remaining frontier restrictions lifted and end the financial crisis. In doing so, he opened the door to an increasingly confident GSLP, which had opposed talks with Spain since 1977 and now questioned whether there would still be a place for Gibraltar in the EEC once Spain joined.

## 6.2 The frontier 'opens'

Felipe González's PSOE swept to victory on 28 October 1982, taking more than 200 seats, and close to half of all votes cast. In Gibraltar there was 'calm hope' the new government would fulfil its campaign promise to open the frontier.<sup>732</sup> The British Ambassador judged that PSOE were particularly keen to make progress on Spain's membership of the EEC, as a 'means of out-flanking the military dinosaurs' but they would be 'more vulnerable than the UCD to pressure from left-wing mayors in the Campo area.'

<sup>733</sup> In fact both the PSOE Mayor of La Línea, Juan Carmona, and the PSOE member for the Campo de Gibraltar in the Andalusian assembly, Rafael Palomino, were cautious about a complete opening of the frontier, fearing 'utter chaos' unless each and every stage of the re-opening process was properly planned.<sup>734</sup> Although eager to make 'spectacular early gestures' to distance itself from the previous government, the new cabinet opted for a limited pedestrian opening of the frontier at its first meeting on 2 December 1982.<sup>735</sup>

Parsons thought it was 'an intelligent move', on the one hand being seen to dismantle the

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<sup>732</sup> TNA PREM 19/1038, Parsons to FCO, 23 November 1982.

<sup>733</sup> TNA PREM 19/1976, Parsons to FCO, 29 October 1982

<sup>734</sup> TNA FCO 9/3394, Williams to FCO, 9 November 1982

<sup>735</sup> TNA FCO 9/3394, Parsons to FCO, 25 November 1982.

‘unsuccessful apparatus’ of the Franco dictatorship, whilst on the other hand retaining the full removal of restrictions to be traded for the opening of negotiations.<sup>736</sup> Britain continued to hope its threat to veto Spain’s accession to the EEC would be enough to convince the new government to fully reopen the border, but privately acknowledged a partial opening might muddy the waters and ‘erode’ Britain’s relatively strong legal position.<sup>737</sup> That position received a boost on 2 December 1982 when European Commission officials confirmed that a closed frontier at the time of Spain’s accession would breach rules on freedom of movement, of persons as well as goods, and would lead to infraction proceedings before the European Court of Justice (ECJ). The Commission’s response was judged ‘entirely favourable’ to the British thesis.<sup>738</sup> With the frontier finally set to open, if only to pedestrians, Hassan could at last point to signs that his approach had borne fruit. He told a room full of AACR faithful at the party’s 40th anniversary celebrations that the people of Gibraltar were ‘on the point of triumph over the forces that have tried to destroy them’.<sup>739</sup> Hassan’s moment of triumph quickly turned sour. There was ‘considerable disappointment and frustration’ in Gibraltar when the Spanish government published details of the re-opening, set for 15 December 1982.<sup>740</sup> Not only would crossings be limited to once a day, but this would only apply to Spanish nationals, Gibraltarians and Gibraltar-based British passport holders, but not to Britons based in the UK nor to third country nationals. This meant Gibraltarian businesses would not benefit from extra tourists using the airport as a gateway to the *Costa del Sol*, or coming over from Spain. The Government of Gibraltar decried the ‘discriminatory’ nature of the new arrangements, particularly

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<sup>736</sup> TNA PREM 19/1038, Parsons to FCO, 2 December 1982.

<sup>737</sup> TNA FCO 9/3396, Hunt to Crowe, 27 July 1982.

<sup>738</sup> TNA FCO 9/3396, Meeting with Commission Officials to Discuss Gibraltar in the Spanish Accession Negotiations, 2 December 1982.

<sup>739</sup> ‘Restrictions: “Gib on the point of triumph”’, *Gibraltar Chronicle*, 4 December 1982, p.1.

<sup>740</sup> PREM 19/1038, Bone to Coles, 13 December 1982.

against European tourists, which were ‘totally contrary to the principles of the European Community which [Spain] proposes to join’.<sup>741</sup> As a ‘gesture of protest’, Hassan wanted the frontier gates on the Gibraltar side to remain closed between 1am and 6am, rather than open 24 hours a day.<sup>742</sup> He was controversially overruled by the Foreign Secretary who thought media coverage of closed gates on the Gibraltar side would ‘invite ridicule’.<sup>743</sup> Hassan’s reaction was ‘visible cold anger’ at yet ‘another piece of appeasement towards Spain’.<sup>744</sup> Not for the first time though, he swallowed his pride and went on television to urge calm. Despite ‘strong disagreement’ over the matter, he still believed Britain was ‘fundamentally on our side’.<sup>745</sup> It was characteristic of the Chief Minister, venting private anger and even ‘tears’ at being ‘sold out’ to Spain, but publicly reaffirming his faith in Britain.<sup>746</sup> This time, however, a new generation of politicians were on hand to offer an alternative. Principal among them was Bossano who denounced Pym’s actions as a ‘totally unacceptable exercise of colonial rule’ which undermined the credibility of Gibraltar’s elected representatives.<sup>747</sup> The row threatened to overshadow the otherwise joyous scenes which greeted the lifting of the ‘Castiella curtain’ in the week before Christmas.

When Spain’s new Foreign Minister, Fernando Morán, met Pym, shortly before the pedestrian opening, he had appeared enthusiastic about implementing Lisbon and spoke of the possibility of a full opening ‘in the spring’.<sup>748</sup> However, the new year had barely

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<sup>741</sup> ‘Now Gib intends to keep present frontier hours’, *Gibraltar Chronicle*, p.1.

<sup>742</sup> ‘Government “very disappointed”’, *Gibraltar Chronicle*, 15 December 1982, p.1.

<sup>743</sup> TNA PREM 19/1038, Pym to Governor, 14 December, 1982.

<sup>744</sup> TNA PREM 19/1038, Williams to FCO, No. 165, 14 December 1982.

<sup>745</sup> TNA PREM 19/1038, Williams to FCO, No. 114, 14 December 1982.

<sup>746</sup> TNA PREM 19/1038, Williams to FCO, 15 December 1982.

<sup>747</sup> Government “very disappointed”’, *Gibraltar Chronicle*, 15 December 1982, p.1.

<sup>748</sup> TNA PREM 19/1038, UKDEL NATO to FCO, 10 December 1982.

begun when Morán's public comments began to set alarm bells ringing in Whitehall. On 3 February 1983, he told the Senate's Foreign Affairs Committee that the pedestrian opening had been a 'humanitarian gesture' designed to 'encourage osmosis between the two sides'. He was critical of the 1980 Lisbon Agreement, which was the product of circumstances that had been swept away by the 'flood waters of the Falklands'.<sup>749</sup> It was an 'agreement mounted on the shoulders of a man [Carrington] and when this man disappears the agreement collapses'.<sup>750</sup> Parsons thought Morán's conception of Lisbon was 'so incompatible with our own' that the chances of the new government implementing it were now 'very small'.<sup>751</sup> It was unclear what lay behind Morán's apparent change of heart. Parsons thought it might be related to renewed Moroccan interest in Ceuta and Melilla, or domestic criticism of the slow start he had made to Spain's stalled EEC negotiations.<sup>752</sup> It could be that the Spaniards quickly became aware of the financial effects of the partial opening of the frontier, or simply that changes at the top of government did not necessarily mean changes to Spain's long-standing positions on Gibraltar. In his memoirs, Morán devotes considerable space to praising the efforts of the MFA officials he encountered on entering the *Palacio de Santa Cruz*, a group with 'experience, knowledge and enthusiasm' when it came to Gibraltar.<sup>753</sup> Matters came to a head when Morán requested a meeting with Pym and Thatcher in March 1983. Following a tense lunch at the Spanish Embassy, Morán held two hours of talks with Thatcher in Downing Street. '*No he tenido nunca una entrevista más difícil*,' recalled Morán.<sup>754</sup> The

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<sup>749</sup> TNA PREM 19/1038, Parsons to FCO, 4 February 1983.

<sup>750</sup> Antonio Remiro Brotóns, *Regreso a Gibraltar: Acuerdos y desacuerdos Hispano-Británicos*, (Madrid: Universidad Autónoma de Madrid, 2004) p.150.

<sup>751</sup> TNA PREM 19/1038, Parsons to FCO, 3 March 1983.

<sup>752</sup> *Ibid.*

<sup>753</sup> Morán, *España en su sitio*, p. 99

<sup>754</sup> *Ibid.*, p.110.

pair repeatedly clashed, on everything from whether to have milk in tea to the agreements reached with his predecessors. Thatcher implied Morán's intransigence on Lisbon was unlikely to favour Spain's application for EEC membership, but Morán was bullish, telling the Prime Minister that Spain's Community friends would be interested to know Britain considered European enlargement contingent upon '*una cuestión de descolonización*'.<sup>755</sup> A few days later Thatcher told the Cabinet it was now clear the Spanish government wished to 'renegotiate the terms of the Lisbon Agreement'.<sup>756</sup> As a result, the frontier was unlikely to be fully reopened anytime soon which was 'regrettable' because the present arrangements 'benefitted Spain at the expense of Gibraltar'.<sup>757</sup> Relations were not improved a few weeks later when 12 British warships, led by the aircraft carrier *HMS Invincible* with Prince Andrew aboard, sailed into Gibraltar to take part in a long-planned naval exercise. Morán was outraged, believing the exercise had been 'deliberately arranged in order to avoid negotiations over the sovereignty of Gibraltar'.<sup>758</sup> Three Spanish naval ships were sent into the Bay of Gibraltar to meet the British fleet. As British and Spanish warships faced off in front of the Rock, the new Spanish Ambassador to the UK, José Puig de la Bellacasa, lamented the fact that Anglo-Spanish relations were 'at the lowest ebb he could recall'.<sup>759</sup>

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<sup>755</sup> [I have never had a more difficult interview.] [a question of decolonisation]

Morán, *España en su sitio*, p.110.

<sup>756</sup> TNA CAB 128/76/11, CC (83) 11th Conclusions, 24 March 1983.

<sup>757</sup> Ibid.

<sup>758</sup> TNA PREM 19/1038, Parsons to FCO, 12 April 1983.

<sup>759</sup> TNA PREM 19/1038, Pym to Madrid, 4 May 1983.



### 6.3 Hassan's difficulties

As Anglo-Spanish relations reached a new low, Hassan was grappling with a number of over-lapping economic and political crises. He had supported Lisbon in the face of fierce opposition because he believed it was the only way to get the frontier opened. But after Morán's trip to London it was apparent there was 'little prospect' of this 'in the foreseeable future' and Gibraltar had to face up to the potentially dire economic consequences. At the end of March 1983, Hassan told people to 'consider very carefully' the damaging effects of their 'high level of spending in Spain'. He hoped Gibraltarians were not *'panzistas'* — people who prioritised their stomachs over their principles.<sup>760</sup> As early as February 1983 he had begun to fear that Morán was 'increasingly aware of the economic disadvantage' caused by the partial opening and would use it to 'draw out negotiations'.<sup>761</sup> But Hassan's advice went largely unheeded. In the first six months after the pedestrian opening, there were almost two million crossings and Gibraltarians were spending on average £150,000 a week in Spain. In July, Hassan told the House of Assembly this had resulted in an estimated £5 million loss to annual national income, a £2 million loss to government revenue and the loss of 300 jobs. This was no longer just an economic issue but 'a matter of patriotism'.<sup>762</sup> As if this was not bad enough, the UK government confirmed that Gibraltar's naval dockyard, a mainstay of the local economy, would close at the end of the year.

The decision had been first announced in a 1981 defence review, but confirmation that the UK planned to proceed with the dockyard closure in the midst of a full-blown economic

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<sup>760</sup> Gibraltar House of Assembly Hansard, 23 March 1983, Vol.1, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1983/hansard\\_23rd\\_march\\_1983\\_vol\\_1.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1983/hansard_23rd_march_1983_vol_1.pdf) [accessed: 30/1/23].

<sup>761</sup> TNA PREM 19/1038, Williams to FCO, 23 February 1983.

<sup>762</sup> 'Frontier crossings near two million', *Vox*, 30 July 1983, p.1.

crisis piled further pressure on Hassan. In response, the Government of Gibraltar requested a two year deferment, arguing the 'political stability of the territory' would be 'gravely jeopardised' by closure on the existing timetable.<sup>763</sup> Hassan told Thatcher it would 'cripple' Gibraltar's already 'damaged' economy and 'encourage Spain to continue to delay the implementation of the Lisbon agreement' in the hope Gibraltarian resistance would be 'weakened'. If the British government agreed to a longer transition, however, there was a better chance the dockyard closure would coincide with the removal of the remaining restrictions 'around 1984/85 as Spain moves towards entry into the European Community'.<sup>764</sup> The new Foreign Secretary, Geoffrey Howe, told the Cabinet it would be 'undesirable to compound the difficulties which were to be expected with the Gibraltarians over Spain's accession to the European Community with a confrontation over the dockyard'.<sup>765</sup> The British government countered with an offer of a six-month deferment until June 1984, but this was still 'not enough' for Hassan.<sup>766</sup> At a meeting in Downing Street in July, Thatcher thought it might be better 'to wait and see how the accession negotiations progressed' before proceeding with the closure.<sup>767</sup> After all, Hassan was 'an excellent Chief Minister' and deserved a degree of understanding for his political difficulties.<sup>768</sup> Ian Stewart, Under Secretary of State for Defence, thought Hassan would not want to go into an election year weighed down by 'an unconvincing dockyard package' when his main rival, Bossano, a branch officer with the TGWU, was likely to fight commercialisation.<sup>769</sup>

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<sup>763</sup> TNA PREM 19/1038, Williams to London, 22 June 1983.

<sup>764</sup> TNA PREM 19/1038, Record of Conversation between the Prime Minister and the Chief Minister of Gibraltar, 30 June 1983.

<sup>765</sup> TNA CAB 128/76/21, CC (83) 21st Conclusions, 30 June 1983.

<sup>766</sup> TNA PREM 19/1247, Hassan to Thatcher, 4 July 1983.

<sup>767</sup> TNA PREM 19/1247, Record of a meeting at 10 Downing Street, 12 July 1983.

<sup>768</sup> TNA CAB 128/76/21, CC (83) 21st Conclusions, 30 June 1983.

<sup>769</sup> TNA PREM 19/1247, Stewart to Thatcher, 7 July 1983.

Eventually, an understanding was reached on 21 July 1983 on a package which included a further six months deferment, a £28 million contribution towards the cost of converting the dockyard for commercial use, £14 million worth of guaranteed naval work, and the transfer of Ministry of Defence land in Rosia Bay and Queensway to the Gibraltar Government. A gratified Hassan told Thatcher he was prepared to 'stake his whole political career' on the agreement.<sup>770</sup> At the end of July, the House of Assembly approved the package and the following month trade unions voted by a narrow majority to proceed with commercialisation. Hassan had had a narrow escape, and would now fight the 1984 election on the strength of the deal he had secured.

In addition to the economic drain caused by the partial opening, and the crisis caused by the dockyard issue, Hassan faced an additional political challenge. In the spring of 1983 the House of Assembly was about to conclude a near three year long investigation into the effects of Spain's accession to the EEC on Gibraltar's 'economy, trade and employment'. In July 1980 Bossano had proposed a motion calling on the British government to make 'special arrangements' with Brussels to protect Gibraltar's economy and 'labour force'. An amended motion, passed unanimously, committed the House of Assembly to making a 'study' into the likely effects of Spanish entry before any request was made of the UK government.<sup>771</sup> A committee of the whole House was formed and took evidence in confidential sessions throughout 1981 and 1982. In April 1983, the Committee produced a memorandum detailing the results of its investigation. Alluding to the damaging impact of the partial opening, and the closure of the dockyard, it painted a bleak picture of the 'adverse economic impact' of an open frontier with Spain, which would require 'major re-

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<sup>770</sup> TNA PREM 19/1247, Record of Conversation between the Prime Minister and the Chief Minister of Gibraltar, 26 July 1983.

<sup>771</sup> Gibraltar House of Assembly Hansard, 17 July 1980, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1980/hansard\\_17th\\_july\\_1980.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1980/hansard_17th_july_1980.pdf) [accessed: 30/1/23].

adjustment' to almost every sector of Gibraltar's economy.<sup>772</sup> Traders feared a 'massive attempt by Spanish commercial interests to take over the main areas of Gibraltar's own legitimate trade'; 'financial problems' would result from the need to provide social security, housing, education and health services for 'Spaniards with EEC rights'; and 'disturbances' to the labour market 'seriously threatened the standard of living and the level of employment in Gibraltar'. The Committee stressed it was not 'motivated by anti-Spanish feeling' and favoured Spanish entry in principle. However Gibraltar's small size and limited resources, combined with Spain's territorial claim, had led to apprehension about the 'possible consequences to the political, social and demographic identity of its people, and to its economic stability'. 'Uncontrolled Spanish immigration' could be used as a 'political tool' in furtherance of the Spanish claim, and if 'major segments' of the Gibraltar economy came 'under the control of Spaniards' it would deprive the government of its freedom of action.<sup>773</sup> Although the memorandum identified a long list of potential problems, it was vague when it came to solutions, promising only that certain proposals would be submitted in due course. While the impetus for the creation of the Committee had come from Bossano, the final report reflected a growing sense of apprehension across the whole of society about Gibraltar's place in the EEC. Even the group most representative of pro-European sentiment on the Rock, the European Movement, passed a motion in May 1983 calling for negotiations to 'alter the present terms of membership' and ensure Gibraltar's economy was adequately protected prior to Spanish accession.<sup>774</sup>

Given the diverse range of interests expressing concern, from the Chamber of Commerce to trade unions, there was a feeling in Whitehall that the memorandum could not be easily

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<sup>772</sup> TNA FCO 98/2147, Memorandum: Gibraltar and the Accession of Spain to the European Community, 11 April 1983.

<sup>773</sup> Ibid.

<sup>774</sup> TNA PREM 19/1247, Baldachino to Thatcher, 18 July 1983.

ignored. In July 1983, five FCO officials led by the Assistant Under Secretary of State for EC Affairs, David Hannay, were despatched to hold meetings with the groups behind the memo. While none of Gibraltar's political leaders were yet prepared to explicitly call for a change to Gibraltar's existing EEC status, Wilfred Garcia from the Chamber of Commerce told Hannay his members feared the 'Hispanicization' of commercial life and wished to see a re-negotiation of Gibraltar's EEC membership in favour of something closer to the Channel Islands or the Isle of Man. Meanwhile, representatives of the Finance Section Group expressed concern about the need to implement EEC directives on company law and insurance which they feared would 'kill off the budding financial sector'.<sup>775</sup> Asked directly about a change in EEC status, Hannay warned of the dangers of asking for too many special arrangements without calling into question the value of Gibraltar's relationship with the Community. 'There was a wider understanding after our talks,' he concluded, 'of the importance of Gibraltar's EC membership as providing the ultimate lever for bringing the Spaniards to lift their frontier restrictions'. Hassan and his ministers appreciated the importance of not undermining that lever 'by unnecessarily eroding the rather limited substance of Gibraltar's membership regime'. However the 'one major worry' shared by almost everyone, was an 'inflow of cheap Spanish labour' from across the border.<sup>776</sup> Bossano was particularly concerned for the approximately one-third of his TGWU members who were non-EEC nationals, mainly Moroccans who had filled the labour gap left by Spanish workers. In the view of the Gibraltar Trades Council (GTC), the umbrella body representing all trade unions on the Rock, this was the 'only unmanageable aspect' of Spanish accession.<sup>777</sup> Hannay tried to allay these fears by pointing to the likelihood of a transitional period, perhaps as long as seven years, after Spain joined the

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<sup>775</sup> TNA CAB 193/473, Record of Meeting with Gibraltar Finance Section Group, 26 July 1983.

<sup>776</sup> TNA CAB 193/473, Hannay to Young, 28 July 1983.

<sup>777</sup> TNA CAB 193/473, Record of Meeting with Gibraltar Trades Council (GTC), 27 July 1983.

EEC. It was also feared that the payment of pensions, at the full rate applicable in Gibraltar, to former Spanish frontier workers under the EEC's social security regime, would become a 'serious burden' on government finances.<sup>778</sup> Hannay assured Gibraltarians their concerns would be raised with the European Commission. He thought the visit had enabled Gibraltarians 'to let off a good deal of steam' whilst disposing of the 'misconception' in the April 1983 memorandum that Gibraltar's EEC status could be easily altered.<sup>779</sup> Indeed Gibraltar's existing status had already proved helpful during the negotiations. The British government had been working 'quietly but effectively' with the Commission and other member states to establish the incompatibility of Spanish restrictions with Community law, including chapters relating to the free movement of goods and persons. Spain had reportedly been 'taken aback by the Community dimension to what they had believed was a bilateral problem' and it was this which Hannay believed accounted for 'Morán's recent public remarks'.<sup>780</sup>

#### 6.4 Different priorities

Despite the commitment of González's government to securing EEC membership during its first term — *'la pieza esencial de nuestro proyecto exterior'*, in Morán's words — the new government made little progress during its first six months in office.<sup>781</sup> Following another disappointing session in Luxembourg in April 1983 Morán publicly hit out at the EEC's 'rigidity' and 'lack of flexibility'.<sup>782</sup> In more than three years of negotiations, only six of 16

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<sup>778</sup> TNA CAB 193/473, Hannay to Young, 28 July 1983.

<sup>779</sup> TNA PREM 19/1247, Bone to Coles, 4 August 1983.

<sup>780</sup> TNA CAB 193/473, Record of Meeting with Gibraltar House of Assembly Committee, 28 July 1983.

<sup>781</sup> ['the essential piece of our foreign project']

Morán, *España en su sitio*, p. 45.

<sup>782</sup> A.Garrigó, 'Modestos avances en la negociación de España con la CEE', *ABC*, 27 April 1983, p.56.

chapters had been closed, and the main areas of contention, agriculture and fishing, remained practically untouched. Ahead of a vital meeting in Stuttgart, González told Thatcher ‘Spain’s progress into Europe’ was being held up by ‘problems inside the Community’ — a reference to Britain’s budgetary dispute with the EEC.<sup>783</sup> Thatcher said Britain had consistently given ‘full support to Spanish membership’ but was clear this could only come about once ‘the restrictions on Gibraltar’ were lifted, a point she repeated in Parliament a few weeks later.<sup>784</sup> This left Morán facing the politically humiliating prospect of being forced into lifting the restrictions as a direct consequence of Spain’s faltering bid for EEC membership. In public, the Foreign Minister sought wherever possible to separate the two issues. There was no ‘political veto of our accession to the Community’ he assured journalists. Furthermore:

*no creo que a la Gran Bretaña le interese vincular nuestra incorporación al Mercado Común con el contencioso de Gibraltar. Podría llevarse una sorpresa porque no está nada claro a quién apoyarían el resto de los socios europeos.*<sup>785</sup>

Whatever his public comments, the British Ambassador was convinced the ‘point’ had got home, and in private the Spanish realised they must ‘deal with the problem if they are to join the EC’.<sup>786</sup> What is more, it was increasingly clear that despite Morán’s efforts to maintain a bilateral approach, the West German presidency, with the support of the

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<sup>783</sup> TNA PREM 19/1486, González to Thatcher, 13 June 1983.

<sup>784</sup> TNA PREM 19/1486, Thatcher to González, 17 June 1983.

<sup>785</sup> [I do not believe that Great Britain is interested in linking our incorporation to the Common Market with the dispute over Gibraltar. It could be in for a surprise because it is not at all clear who the rest of the European partners would support]

‘Morán: “Gibraltar y la CEE son problemas distintos”’, *ABC*, 22 July 1983, p.15.

<sup>786</sup> TNA PREM 19/1247, Parsons to FCO, 22 July 1983.

European Commission and other member states, had sought assurances from Spain that the restrictions would be removed. This sobering reality was nevertheless something Morán was determined to resist, as well as any suggestion that Spain's accession to the EEC might amount to an acceptance of the status quo:

*era preciso evitar que nuestro ingreso en la Comunidad novase, no ya los títulos, sino la posición general española. Había que eliminar la percepción de que la opción europea de España rebajaba nuestra voluntad de alcanzar la reintegración territorial de Gibraltar.* <sup>787</sup>

In an effort to deter Britain from applying pressure through Community institutions, Morán wrote to the West German, Italian, Belgian and French foreign ministers in April 1983 to signal that Spain's claim to Gibraltar 'was not negotiable in exchange for any progress in the negotiation'. <sup>788</sup> However, there was a significant breakthrough in Stuttgart just a few months later, when the West German presidency agreed to link internal reform of the European Community to the accession of Spain and Portugal. A few days later, Spanish-EEC negotiators concluded the fiscal chapter, the first to be closed since March 1982. This, combined with a series of private Hispano-French meetings at the royal palace of *La Granja*, north of Madrid, aimed at resolving the agriculture issue, gave the Spanish government new cause for optimism that the timetable of accession by 1 January 1986 remained achievable.

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<sup>787</sup> [It was necessary to prevent our entry into the Community from overriding, not just the titles, but the general Spanish position. We had to eliminate the perception that Spain's European option lessened our determination to achieve the territorial reintegration of Gibraltar]

Morán, *España en su sitio*, p.226.

<sup>788</sup> *Ibid.*, p226.



This was the background to a further reassessment of British objectives in the summer of 1983. It was now clear ‘many Spanish restrictions on Gibraltar will be illegal,’ concluded Roger Bone, Howe’s private secretary, but there was ‘no warrant in Community law’ and the UK was unlikely to get much support for demanding the measures be lifted prior to accession.<sup>789</sup> The repeated failure to implement Lisbon had shown ‘Spanish promises cannot be trusted’ and it was therefore essential to build ‘a tripwire’ into the accession process so Britain could still block Spanish entry if the border was not open as accession day approached. The Foreign Office envisaged a two stage process aimed at securing an acknowledgment from Spain that the frontier restrictions were incompatible with Community membership. The first, which had already begun, was to identify all the individual chapters in which the Spanish restrictions conflicted with Community law, for example on the free movement of goods (external relations chapter), or the free movement of persons and labour (the social affairs chapter). In this way, Britain could ‘build up, piece by piece, a solid position with the weight of the Community behind us’. This had already proved to be an effective tactic, because Britain had been careful to ‘keep the whole exercise in a low key’ and other member states ‘had to accept that our position is soundly based on the requirements of Community law’. However, Morán’s ‘ambiguous’ public statements, which suggested he did not accept this basic point, and the ‘evasive wording’ of some of the Spanish replies to the Commission, made it more important than ever to obtain ‘watertight assurances’.<sup>790</sup> The second stage was therefore to seek a ‘public Spanish commitment’ to open the frontier by a certain date, perhaps three to six months prior to accession. ‘The purpose of this, the second stage of our approach,’ wrote Bone, ‘is to make sure that the Spanish assurance is bankable. If the border were not open by that date, we would refuse to ratify the Treaty’. In this way, ‘we should...keep entirely in our

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<sup>789</sup> TNA PREM 19/1247, Bone to Coles, 27 July 1983.

<sup>790</sup> Ibid.

own hands whether or not Spain actually acceded' while avoiding 'the danger of committing ourselves irrevocably to accession upon the strength only of Spanish promises'.<sup>791</sup>

## 6.5 A new approach

Howe met Morán for the first time at a meeting of the Commission on Security and Cooperation in Europe (CSCE) in Madrid in September 1983. Both men agreed there had been an improvement in 'tone' since the infamous London meeting but 'the substance of the Spanish position had not changed'.<sup>792</sup> Howe believed concerns over the rights of Spanish citizens in Gibraltar could best be dealt with in the 'EC context' and emphasised that the lifting of restrictions was 'not purely a British requirement' but a 'Community requirement'. Morán expressed doubts about this and claimed the 'imperfect' Lisbon Agreement was in need of 'clarification'. He wanted any reference to the 'ill-advised' January 1982 exchange of notes deleted from the upcoming UN consensus resolution.<sup>793</sup> Following this encounter, Howe told Thatcher 'the prospects of getting the present Spanish government to lift the restrictions on Gibraltar, using only the formula which had been agreed last year' were 'very poor'. It was obvious Morán needed 'some additional face-saver' in order to proceed. Whether or not to offer him something would be a political choice. British interests lay in getting the restrictions lifted; keeping to the timetable for Spain's accession; and ensuring the NATO referendum 'goes the right way'.<sup>794</sup> González had promised a referendum on NATO membership during his first term, but hoped that

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<sup>791</sup> TNA PREM 19/1247, Bone to Coles, 27 July 1983.

<sup>792</sup> TNA PREM 19/1247, Howe to Thatcher, 19 September 1983.

<sup>793</sup> TNA PREM 19/1247, Parsons to FCO, 6 September 1983.

<sup>794</sup> TNA PREM 19/1247, Howe to Thatcher, 19 September 1983.

delaying it until Spain had been formally accepted into the EEC would improve the chances of a 'Yes' vote. This was a 'matter of great political and strategic interest to the West' and while there was no guarantee which way the referendum would go it was 'a virtual certainty that the result will be unfavourable if EC accession has foundered on the Gibraltar problem'. It was crucial therefore that Britain did not 'stack the cards against a favourable outcome'. For the first time, Howe mooted the possibility of offering Spain 'some of the rights they will get on accession in advance of the actual accession date' as a 'face-saving way out' involving 'minimal cost' to Gibraltar. But this would only be possible if Hassan could be brought on board, and with an election due in Gibraltar, 'concrete action' would have to wait.<sup>795</sup> Thatcher welcomed Howe's idea but agreed it would pose Hassan political difficulties 'this side of his election'.<sup>796</sup> In November 1983, after Howe and Morán had met for a second time, the Foreign Secretary put the idea to Hassan. Howe realised that advancing EEC rights to Spaniards would not be an easy sell to the people of Gibraltar who felt they did not owe Spain anything in return for lifting restrictions that had been 'unilaterally imposed'. Free movement of labour would 'present particular problems' given the strength of Gibraltarian concerns about being 'swamped by cheap labour from neighbouring areas of Spain'.<sup>797</sup> Any offer of this kind was complicated by the need for the necessary legislation to be passed by Gibraltar's House of Assembly, which in December 1980 had backed Bossano's motion against giving Spanish nationals 'the same rights as EC nationals...prior to entry'.<sup>798</sup> At a meeting on 15 November 1983, Howe told Hassan the Spanish government no longer felt bound by the Lisbon Agreement and he was looking for 'lubricants' to facilitate the earliest possible lifting of restrictions. David Hannay, who

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<sup>795</sup> TNA PREM 19/1247, Howe to Thatcher, 19 September 1983.

<sup>796</sup> TNA PREM 19/1247, A.Parsons to Coles, 20 September 1983.

<sup>797</sup> TNA CAB 193/473, Howe to FCO, 24 November 1983.

<sup>798</sup> TNA FCO 98/760, Jackson to FCO, 19 December 1980.

was due to visit Madrid the following week, planned to raise the question of which rights Spaniards would enjoy on the day of accession. It might then be possible at a later date to grant the 'enjoyment of some of these rights...in advance of accession'.<sup>799</sup> Various timeframes were possible; from the day Spain signed the Treaty of Accession, to the conclusion of negotiations, or even before. Hassan was sceptical and warned that granting EEC rights to Spaniards in advance of accession would be 'viewed very badly in Gibraltar'. Spain was being given more than it had agreed to at Lisbon, and would, in his view, 'simply pocket what was offered without making any gesture in response'. While he understood the tactics, he doubted they would be successful, and they presented particular difficulties in 'the pre-election period'. Nevertheless, if Britain was determined to try this approach, Hassan thought it might be 'worth pursuing'.<sup>800</sup> The following week, Hannay handed over what he termed a 'photograph paper' in Madrid, detailing all the EEC rights Spaniards could expect to enjoy in Gibraltar from the day of accession, while separately, Spain acknowledged that the external relations chapter, due to be discussed at the EC Foreign Affairs council in December 1983, committed it to removing all 'obstacles to trade' with Gibraltar, except those permitted by Community law.<sup>801</sup> The Foreign Office's 'two stage' approach was on track.

## **6.6 Gibraltar 'polarised'**

The election on 26 January 1984 was dominated by the dockyard issue and the package Hassan had agreed with the British government. The GSLP and its TGWU allies were committed to resisting commercialisation, while the DPBG, with six seats from the 1980

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<sup>799</sup> TNA FCO 98/1835, Gibraltar: Record of Meeting Between Secretary of State and Sir Joshua Hassan Held at FCO, 15 November 1983.

<sup>800</sup> Ibid.

<sup>801</sup> TNA CAB 193/473, Gibraltar and the European Community.

election, argued they could negotiate a better deal. Few believed the GSLP could make significant gains. Bossano had been the party's only successful candidate in 1980, and although his re-election was practically 'assured' the other candidates on his ticket, with the exception of Michael Feetham and Joe Victory, were 'political unknowns'.<sup>802</sup> However, on a dramatic election night, it looked at one point in the evening as if the GSLP might sweep all before them, only for the AACR to gradually claw back votes throughout the evening. When all the results were in, the AACR were returned with eight seats and an increased share of the vote, the DPBG were wiped out, losing all six of their seats, while, on a much increased turnout, the GSLP secured seven seats, and became the official party of opposition. As the Governor, Admiral Sir David Williams, informed London, politics promised to be 'more polarised' in the new House, not just on the dockyard issue, but on relations with Spain and 'demands for special protection for Gibraltar' arising from Spain's membership of the EEC.<sup>803</sup> The previous Leader of the Opposition, Peter Isola, had 'for many years agreed with Hassan on a bilateral policy towards Spain' and presented a 'united front' in international fora. This would 'not be the case with Bossano' who had campaigned vigorously against Lisbon and did not accept the need for a bipartisan approach. He believed Spain had 'no place in Gibraltar's affairs' and Britain 'had no right' to discuss Gibraltar with anyone other than the Gibraltarians. Bossano 'personified' an 'increasing sense of Gibraltarian nationalism' which was proving particularly attractive to younger voters.<sup>804</sup> Even Morán, looking back, sensed a change of mood on the Rock. Hassan was part of a generation 'closely linked socially to Spain' but with his 'eyes fixed on London'; Bossano in contrast was 'a new type' of 'populist' politician who thought the

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<sup>802</sup> 'A man alone cannot govern', *Vox*, 14 January 1984, p.1.

<sup>803</sup> TNA PREM 19/1257, Williams to FCO, 27 January 1984.

<sup>804</sup> TNA FCO 98/1836, Williams to Howe, 23 February 1984.

Gibraltarians should take matters in their own hands.<sup>805</sup> Hassan now faced one of the biggest challenges of his long career. He had been informed back in November 1983 that the UK was considering offering to advance EEC rights ahead of Spain's accession as an inducement to lift the frontier restrictions, while at the same time the House of Assembly Committee was pushing in the opposite direction, for further derogations and exclusions from EEC law driven by fear of what might happen once Spanish workers gained EEC rights. Furthermore, the GSLP had fought the January 1984 election on a manifesto pledge to re-negotiate 'Gibraltar's terms of membership in the European Common Market'.<sup>806</sup> Hassan now had to ride two horses at once, fighting to maintain the semblance of a bipartisan approach through the Committee, while being privately briefed by London on proposals he knew his opponents would fiercely resist. Hannay, who had been aware of the idea of advancing EEC rights at the time of his July 1983 visit, thought the plan would 'cause a considerable furore' as it touched on the 'single most sensitive aspect' of Spain's entry into the EEC, namely labour rights. 'Moderates' such as Hassan would feel 'the rug was being pulled from their feet' while 'extremists' like Bossano would argue that the case for a fundamental change in Gibraltar's status had been 'reinforced'.<sup>807</sup> The European Commission's initial reaction to the Committee's April 1983 memorandum had not been encouraging. It felt 'very strongly' that any 'special treatment' for Gibraltar went against 'the basic principles of the EEC Treaty'.<sup>808</sup> Hannay informed the Governor that obtaining special derogations for Gibraltar would involve fundamental changes to its terms of membership and would be unacceptable to Britain's Community partners. Despite this setback, the Governor felt the Committee should be allowed to continue its work, not just

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<sup>805</sup> Morán, *España en su sitio*, p. 230.

<sup>806</sup> Gibraltar House of Assembly Hansard, 26 June 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_26th\\_june\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_26th_june_1984.pdf) [accessed: 30/1/23].

<sup>807</sup> TNA CAB 193/473, Hannay to Young 28 July 1983.

<sup>808</sup> TNA FCO 98/1835, Hannay to Williams, 13 December 1983.

because it kept 'Bossano muzzled for as long as possible' but because Hassan genuinely wished to protect the local labour market and had to be seen to be doing everything in his power to defend Gibraltar's interests.<sup>809</sup> For nine months, these two processes would run in parallel, although few in Gibraltar, beyond Hassan and his inner circle, were aware of what the British government was considering.

## 6.7 Parallel tracks

The House of Assembly Committee which reconvened in February 1984 had a very different complexion to the one which had sent the memorandum the previous year. Hassan was now one of the few members still prepared to advocate Gibraltar's continued membership of the EEC on existing terms. In contrast, Bossano warned that a 'situation was being reached when it might not be in Gibraltar's interest to continue to belong to the European Community'. The 'concept of a United Europe,' he told Committee members, 'cut across everything that Gibraltar and its people had stood for and fought for over the years'. Instead of being 'swallowed up by Spain' the solution lay in creating what he termed an 'island for Gibraltar'. Even Adolfo Canepa, Hassan's deputy, said the time was approaching when it might be necessary to consider 'what price' Gibraltar was willing to pay for its decision to join Britain in the EEC.<sup>810</sup> Recognising the need to keep the Gibraltarians onside, Hannay was despatched to the Rock again in March 1984, alongside Michael Jenkins, a former head of the FCO's European Integration Department (EID). They were briefed that Hassan now faced a 'cohesive and suspicious opposition' which did not accept the traditional bipartisan approach to foreign affairs.<sup>811</sup> At the meeting which

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<sup>809</sup> TNA FCO 98/1840, Richards to Jenkins, 12 November 1984.

<sup>810</sup> TNA FCO 98/1835, Record of a Meeting of the House of Assembly Committee set up to consider the implications to Gibraltar arising from Spanish Accession to the European Community, 21 February 1984.

<sup>811</sup> TNA FCO 98/1835, Visit by Mr Hannay and Mr Jenkins to Gibraltar 1/2 March 1984, 24 February 1984

followed, Bossano took issue with the British government's unwillingness to seek a longer, or even a permanent, derogation on free movement of labour. If discriminating against Spaniards alone was the issue, he was not deterred by the prospect of 'closing the doors against all members of the EEC including the UK'.<sup>812</sup> Nor was he troubled by Hannay's argument that a change in Gibraltar's EEC status might have unwelcome implications for Britain's ability to get the frontier restrictions lifted. He and his party would prefer 'the continued regime of restrictions' to 'a regime of free movement of labour' and Britain should ask the Commission for a re-negotiation of Gibraltar's terms of membership. Hassan said this was not a view his government shared but could not prevent Canepa speaking less than enthusiastically about Gibraltar 'swimming against the European tide'.<sup>813</sup> Despite Hannay's warning that special derogations were unlikely to be negotiable, the Committee reconvened a week later to draw up a new set of proposals. This time a plan was formulated for a 'quota system' which would limit the number of EEC nationals (including Gibraltarians) eligible to work in Gibraltar while residing in Spain. As Hassan explained to the Deputy Governor, even the prospect of a seven-year transition period was not enough to put the minds of Committee members at rest as there was a widespread belief that a 'very difficult situation could arise' at the end of it.<sup>814</sup> The Commission's response on 5 May 1984 was not encouraging: the quota proposal was 'inconsistent with current Community legislation'.<sup>815</sup> By the summer of 1984, Hassan was finding it increasingly difficult to keep the opposition on side. In a political broadcast at the beginning of July, the GSLP said that while they had been happy to take part in the Committee since its formation in 1980, 'unless in the near future we come up with some positive answers,

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<sup>812</sup> TNA FCO 98/1836, Record of meetings between FCO Officials and House of Assembly Committee on 1 and 2 March 1984.

<sup>813</sup> Ibid.

<sup>814</sup> TNA FCO 98/1836, Hassan to Broadley, 19 March 1984.

<sup>815</sup> TNA FCO 98/2147, Memorandum: Gibraltar - Accession of Spain and free movement of migrant workers.



we shall need to seriously reconsider whether we are serving any useful purpose by continuing to participate'.<sup>816</sup> In addition, the Gibraltar Trades Council, the Chamber of Commerce and the Finance Centre Group were all 'becoming increasingly disenchanted,' reported Hassan. <sup>817</sup> The visit of a junior Foreign Office minister, Baroness Young, in June 1984 presented another opportunity to put this across. Bossano, whose objections stemmed from the impact Spanish accession might have on his union members, nevertheless made common cause with the 'self-interested bankers and lawyers' of the Finance Centre Group, who objected to the 'more uncomfortable regulatory aspects of EC law' on their efforts to create an offshore haven. <sup>818</sup> Young told Howe she had encountered an atmosphere of 'uncertainty and pessimism' in Gibraltar and Hassan was 'the only politician who can hold the community together'. He faced an uphill task, not least because the economy was in a 'mess' and government cash reserves were dwindling as a result of the partial opening. <sup>819</sup> In August, the Committee returned with a third proposal, this time for a modified, time-limited quota which would only apply for seven years after the transitional period. The Deputy Governor warned London that attitudes had 'hardened' and were not limited to opposition members. In his view, the proposal deserved 'serious consideration' not least because of the risk that if the Committee continued to receive 'no satisfaction whatsoever', Hassan might find he could no longer go along with the idea of advance implementation. <sup>820</sup> A few days after Broadley's warning, the Spanish newspaper, *El País*, revealed that an offer to advance EEC rights had been discussed during 'secret

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<sup>816</sup> TNA FCO 98/1839, Hassan to Broadley, 21 August 1984.

<sup>817</sup> Ibid.

<sup>818</sup> TNA FCO 98/1837, Visit by Lady Young to Gibraltar: 21-23 July 1984, Impact of Spanish Accession on Gibraltar, 14 June 1984.

<sup>819</sup> TNA FCO 98/1838, Young to Howe, 25 June 1984.

<sup>820</sup> TNA FCO 98/1839, Broadley to Neilson, 23 August 1984.

negotiations' between Britain and Spain over the previous six months.<sup>821</sup> Bossano erupted. If this was true, he told Hassan, then 'as far as my party is concerned...the whole process of the discussions in the EEC committee have been a farce'.<sup>822</sup> While the GSLP had 'in good faith' been looking at ways of limiting the impact of Spanish entry, the Foreign Office — 'with or without the blessing of your government' — has been discussing with Spain the idea of bringing these effects into play 'a year early'.<sup>823</sup>

### 6.8.1 The Road to Brussels

In February 1984, Howe told Morán the recent elections in Gibraltar had 'made Hassan's position more difficult' as he now faced a 'coherent opposition' and greater difficulties when it came to labour issues. He reiterated that progress would have to be made towards the removal of all frontier restrictions before Spanish accession. Morán agreed but insisted Spain get something in return 'in the field of reciprocity of rights' and suggested an 'exception to the transitional period for the free movement of labour'. In the longer term, Spain wanted to see the issue of sovereignty on the table. Howe, aware that members of the House of Assembly's EEC Committee regarded even the prospect of a seven year transition as insufficient, said any exceptions in this area would be 'particularly difficult'.<sup>824</sup> Before a formal offer to advance EEC rights could be made, Howe had to be assured of Hassan's support. Hannay had privately discussed the issue with the Chief Minister during his March 1984 visit to Gibraltar. Hassan was adamant that in 'principle the Spaniards did not deserve anything' but added that he had not fully appreciated that the offer to advance

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<sup>821</sup> 'España y el Reino Unido negocian en secreto sobre Gibraltar', *El País*, 5 September 1984, p.1.

<sup>822</sup> TNA FCO 98/1839, Bossano to Hassan, 11 September 1984.

<sup>823</sup> *Ibid.*

<sup>824</sup> TNA FCO 98/1835, Howe to Madrid, 21 February 1984.

EEC rights would be 'reciprocal'.<sup>825</sup> A few days later, Howe personally put the idea of a deal to Hassan, impressing upon him the need to secure Spanish agreement to lift the restrictions well before it complicated the accession process. While willing to support this approach, Hassan warned the 'new political situation' in Gibraltar was likely to lead to increased attention on relations with Spain.<sup>826</sup> Following the meeting, Hassan and his ministers undertook a detailed examination of the British offer, declaring themselves 'generally content' with it.<sup>827</sup> However, as there was now a new '*quid pro quo*' for lifting restrictions, namely the offer to advance EEC rights and not the negotiations envisaged at Lisbon, Hassan believed the 1980 agreement should be understood to have 'lapsed'.<sup>828</sup> It was not an interpretation shared in London or Madrid.

At the beginning of April 1984, the idea of advance implementation was officially raised at a meeting of officials in Madrid. It was, according to Hannay, British recognition of Morán's need for a 'new element'. The timing would be a 'political choice'. Mariano Berdejo, director general of European affairs at the MFA, thought it was 'an interesting proposition' but confirmed that the other elements of the Lisbon Agreement, including talks on Gibraltar's future, would have to remain part of the deal. With the two foreign secretaries due to meet at an EC Foreign Affairs Council in Luxembourg the following week, officials discussed the extent to which the offer should be directly linked with Spain's accession to the EEC. For Morán it was 'politically embarrassing' to make the connection too obvious.<sup>829</sup> The opposition leader, Manuel Fraga, a former Francoist minister, was

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<sup>825</sup> TNA FCO 98/1836, Discussions with Chief Minister of Gibraltar: Record of Meeting, 2 March 1984.

<sup>826</sup> TNA FCO 98/1836, Howe to Madrid, 9 March 1984.

<sup>827</sup> TNA FCO 98/1836, Lady Young's meeting with Sir J. Hassan, 20 March 1984.

<sup>828</sup> TNA FCO 98/1836, Williams to FCO, 17 March 1984.

<sup>829</sup> TNA FCO 98/1837, Record of a meeting between Mr D. A. Hannay and Srs Westendorp (Secretary General for Relations with the European Communities) and Berdejo (Director General, Western Europe, MFA) held at the MFA in Madrid, 2 April 1984.

fostering the idea in Spanish political circles that 'Britain was trying to force Spain to open the frontier completely as the price of accession'.<sup>830</sup> At the meeting on 10 April 1984, Morán told Howe Gibraltar should be seen 'in the broader frame of bilateral relations' and 'not exclusively in the framework of enlargement'. After all, the issue 'had existed since before Spain's application to join the EEC' and would remain one 'after Spain became a member'.<sup>831</sup> This was consistent with Morán's objectives but there was an air of unreality about his insistence that the two issues were separate. For a start, the British offer was quite explicit, advancing *EEC* rights ahead of accession, while Spain had already accepted during the negotiations that the restrictions could not remain in place once it joined the EEC. This did not stop Morán insisting he 'did not want too much association with the EC'.<sup>832</sup> Technical meetings continued over the summer to work on the details of the proposal, which Jenkins described as the 'best we had to offer'. If it proved unacceptable, the only alternative would be to return to the normal course of the accession negotiations.<sup>833</sup>

On 5 September 1984, details of the confidential Anglo-Spanish discussions on advancing EEC rights were leaked to *El País*. This presented Hassan with a political problem. He had tried to ride two horses simultaneously: keeping the opposition on side by supporting proposals generated by the House of Assembly's EEC Committee, while entertaining the FCO's idea of advancing EEC rights as a means of breaking the deadlock. The timing was particularly awkward. The revelations in the Spanish press appeared just a week and a half before Hassan, Canepa, Bossano and Pitaluga were due to travel to Brussels to

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<sup>830</sup> TNA PREM 19/1247, Parsons to FCO, 20 March 1984.

<sup>831</sup> TNA FCO 9/4391, Howe to Madrid, 11 April 1984.

<sup>832</sup> *Ibid.*

<sup>833</sup> TNA FCO 98/1838, Record of a meeting of British and Spanish Officials to discuss Gibraltar related matters, 22 May 1984.

present the Committee's latest quota idea. In an interview with GBC, Hassan sought to dispel fears about the on-going Anglo-Spanish talks. He put the chances of an agreement at '50-50' and insisted that because the issues raised at Lisbon were now being dealt with 'in the context of Spain's EC accession' the 1980 agreement was 'virtually dead'.<sup>834</sup> Although it was public knowledge that the Committee had 'quietly made a number of submissions to London' no details had ever been released about what these proposals involved.<sup>835</sup> Following the article in *El País*, the delegation issued a joint statement confirming that the Brussels visit was 'primarily to discuss the question of the free movement of Spanish workers after the transitional period' and was not 'connected with any bilateral contacts taking place between the British and Spanish governments'.<sup>836</sup> This did not prevent Spanish officials from reacting with indignation when they found out. Berdejo said it was 'embarrassing' to arrive in London for discussions on Gibraltar at the same time as Hassan and Bossano were in Brussels 'to negotiate on the major point at issue — free movement of labour'. Morán had been 'particularly concerned' to hear that the Gibraltar delegation would be meeting the Vice-President of the European Commission, Lorenzo Natali, and could 'not understand why representatives of the colony were negotiating directly with the Commission'. Jenkins defended the visit, arguing it was vital 'to carry Gibraltar opinion with us'. Hassan had a 'political requirement to be seen to pursue Gibraltar's interests to the end' and it would have been 'extraordinarily difficult' to stand in his way.<sup>837</sup> On 14 September 1984, the Gibraltar delegation met with Natali and Ivor Richard, the European Commissioner responsible for employment and social affairs. Although they received a 'friendly reception' it was apparent the Commission was

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<sup>834</sup> TNA FCO 98/1839, Williams to FCO, 12 September 1984.

<sup>835</sup> Francis Cantos, 'Gib delegation to Brussels on EEC Rights', *Gibraltar Chronicle*, 13 September 1984.

<sup>836</sup> TNA FCO 98/1839, Secretary of State's Meeting with Sir J. Hassan 3 October 1984.

<sup>837</sup> TNA FCO 98/1839, Summary Record of Meeting between Officials to Discuss Gibraltar, 14 September 1984.

unlikely to approve the quota plan.<sup>838</sup> Although ‘personally impressed’ by what he heard, Richard thought the proposal had little chance of being accepted. Natali advised Gibraltarians to look at the bigger picture. It was in their interests to have a democratic neighbour rather than a dictatorship, and if that involved some negative effects, this was what European solidarity was all about, it had to be shown in ‘deeds and not only in words’. He reminded them that the Commission ‘had been a staunch defender of Gibraltar’s interests’ during the negotiations and had ‘made it clear to Spain that it was impossible to restrict Gibraltar’s exports’. Only Bossano struck a defiant note, telling Commissioners if ‘a satisfactory arrangement’ could not be reached his union would take industrial action and his party ‘might well advocate that Gibraltar should leave the Community’.<sup>839</sup> A few weeks later, Richard wrote to Hassan with the Commission’s formal response. The quota plan could not be ‘justified’ in light of the Community’s stand on free movement and the Commission was convinced Gibraltarian fears were not ‘well-founded’.<sup>840</sup> The House of Assembly’s EEC Committee, one of the two paths Hassan had chosen to explore simultaneously, looked as if it was reaching the end of the road.

Meanwhile, the Anglo-Spanish talks had taken a worrying turn. At a meeting in London, Berdejo declared that any new communique needed to ‘spell out explicitly’ what was meant by the ‘differences’ alluded to at Lisbon. Furthermore, Spain did not regard the Spanish Prohibited Airspace (SPA) as part of the measures which needed lifting as it ‘had never recognised British sovereignty over the land on which the airport was built’.<sup>841</sup> A few weeks later, Morán told the British Ambassador in Madrid, Lord Nicholas Gordon-Lennox,

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<sup>838</sup> TNA FCO 98/2147, Impact of Spanish Accession on Gibraltar, 31 May 1985.

<sup>839</sup> TNA FCO 98/1840, Notes on Visit to Brussels: 14 September 1984, 17 September 1984.

<sup>840</sup> TNA FCO 9/2147, Richard to Hassan, 8 October 1984.

<sup>841</sup> TNA FCO 98/1839, Summary Record of Meeting between Officials to Discuss Gibraltar, 14 September 1984.

that the present position of the customs post, on the Spanish side of the runway, was ‘tantamount to recognition of British sovereignty over the isthmus’.<sup>842</sup> His adviser, Carlos Westendorp, suggested it should be moved to ‘the foot of the Rock’ to reflect the Spanish position that only the town itself had been ceded under the 1713 Treaty of Utrecht.<sup>843</sup> Howe lamented the ‘unwelcome injection of a new element’ at this late stage, which struck at the ‘heart of the framework’ patiently established over many months.<sup>844</sup> It was an early indication of the most likely source of friction going forward, but last-minute Spanish jitters also reflected a ‘depressing’ lack of progress in the overall accession negotiations.<sup>845</sup> These had hit the buffers again due to French ‘obstructiveness’ over the industrial and agricultural chapters.<sup>846</sup> At the beginning of October, all indications from Brussels were that the negotiations were unlikely to conclude in time for the 1 January 1986 deadline. González wrote to Thatcher again warning of ‘mounting disillusion in Spanish public opinion’.<sup>847</sup> Howe blamed the lack of progress on other member states who were prioritising the interests of ‘French, Italian and Greek peasant farmers’ over the wider issue of enlargement and warned that if the negotiations failed it would not only ‘damage’ Western political and security interests but might put in ‘jeopardy’ the outcome of Spain’s NATO referendum.<sup>848</sup> Thatcher assured González of Britain’s ‘strong and steadfast support’ and said her government hoped for a ‘major step forward’ at the upcoming Foreign Affairs Council in Luxembourg, where Morán and Howe would renew their

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<sup>842</sup> TNA FCO 98/1840, Neilson to Jenkins, 24 October 1984.

<sup>843</sup> Ibid.

<sup>844</sup> TNA FCO 98/1840, Howe to Madrid, Telegram Number 327, October 1984.

<sup>845</sup> TNA FCO 98/1839, Summary Record of Meeting between Officials to Discuss Gibraltar, 14 September 1984.

<sup>846</sup> TNA PREM 19/1486, Butler to FCO, 4 October 1984.

<sup>847</sup> TNA PREM 19/1486, González to Thatcher, 16 October 1984.

<sup>848</sup> TNA PREM 19/1486, Howe to Thatcher, 10 September 1984

contacts over Gibraltar.<sup>849</sup> This reassurance was not enough to prevent González, at Morán's prompting, from including the return of Gibraltar to Spanish sovereignty as one of his government's ten national security priorities in a speech a few days later.<sup>850</sup>

With the Anglo-Spanish talks, and the accession negotiations, delicately balanced, Hassan decided it was worth one 'final throw' to secure Gibraltar an exemption from freedom of labour rules.<sup>851</sup> On 25 October 1984, he formally submitted the House of Assembly Committee's fourth, and final, suggestion. This time the Committee proposed a permanent quota system applicable to all EEC nationals, including Spaniards and Gibraltarians, on a 'non-discriminatory basis' in return for which Gibraltar would waive the proposed seven-year transition period. The Committee's concern all along had been to avoid the 'undermining of Gibraltar's labour market by persons...residing in the adjacent Spanish territory, with its much lower cost of living'. Hassan thought this final suggestion would 'meet Gibraltarian concerns on substance' whilst allaying 'Spanish concerns on presentation'.<sup>852</sup> Although it raised 'major questions', Howe thought it should be carefully considered.<sup>853</sup> Jenkins put the Committee's latest suggestion directly to Berdejo at a meeting of officials in Madrid on 15 November 1984. However, during six hours of talks, Berdejo made it clear the idea was 'not a starter'.<sup>854</sup> In his view it ran counter to the entire spirit of the EEC rights exercise which officials had evolved over the past six months. Hassan was forced to accept that his final throw of the dice had failed. The Committee's proposal was not negotiable with Spain, whilst earlier variants of the same idea had been

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<sup>849</sup> TNA PREM 19/1486, Thatcher to González, 19 October 1984.

<sup>850</sup> 'Un decálogo para la seguridad de España', *El País*, 24 October 1984,

<sup>851</sup> TNA FCO 98/2147, Impact of Spanish Accession on Gibraltar, 31 May 1985.

<sup>852</sup> TNA FCO 98/1840, Williams to FCO, 25 October 1984.

<sup>853</sup> TNA FCO 98/1840, Howe to Williams, 30 October 1984.

<sup>854</sup> TNA FCO 98/1841, Gibraltar: Official Talks, 15 November 1984.



dismissed in Brussels. All told, the EEC Committee had little to show from more than four years of work. Gibraltar would not get any special exemptions when it came to the free movement of labour, nor any of the other obligations derived from EEC law. Meanwhile, Anglo-Spanish talks aimed at finding a mutually acceptable way to implement Lisbon continued. At a marathon meeting in Madrid on 15 November, British officials managed to dissuade their counterparts from introducing unhelpful new elements but Spanish officials were adamant the word 'sovereignty' would 'have to appear'. Berdejo privately indicated that if Britain could meet them on this point, Spain would be prepared to make 'substantial concessions' elsewhere.<sup>855</sup> At a final meeting on 21 November, Howe informed Hassan of the UK's negotiating strategy going into a crucial set of talks in Brussels. The Chief Minister accepted that the quota proposal was not worth pursuing, and gave his backing to the offer to advance EEC rights in return for the lifting of restrictions 'as soon as possible'. When told that Spain was pushing for an explicit mention of 'sovereignty' he accepted this 'might be necessary' provided it was balanced by a re-statement of Britain's commitment to the Gibraltarians.<sup>856</sup> The FCO drew up two draft communiques in advance of the meeting: one referring to an acceptance on both sides that the 'issue of sovereignty' would be discussed in negotiations and another which made no reference to sovereignty. The official minutes of the meeting between Morán and Howe on 26 November 1984, where details of the Brussels Agreement were finalised, remain closed. However, Howe's pre-meeting briefing gives a good indication of the tactics he intended to employ. From the British perspective, it was essential to 'fix a specific implementation date' for the lifting of restrictions, and to get a 'quotable and non-deniable assurance' from Spain that it would

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<sup>855</sup> TNA FCO 98/1841, Gibraltar: Official Talks, 15 November 1984.

<sup>856</sup> TNA FCO 98/1841, Gibraltar: Meeting with the Spanish Foreign Minister 26/27 November, Southern European Department, 23 November 1984.

take early steps to modify the SPA.<sup>857</sup> If Morán could agree to these two points, Howe ‘might be able’ to meet a Spanish request for an explicit reference to sovereignty. Despite laying the groundwork for nearly every scenario, Howe was briefed that a ‘final agreement’ was unlikely.<sup>858</sup> On 26 November, the two Foreign Ministers met for the sixth time in just over a year, and held two and half hours of talks at the Charlemagne building in the heart of Brussels’ European Quarter. The following day, after another brief meeting, news of an agreement was broken. Although Morán had repeatedly attempted to separate bilateral talks over Gibraltar from Spain’s EEC negotiations, it was clear the two issues had become intimately entwined. All references to the UN resolutions passed in the 1960s had been removed, and instead it was the EEC context which provided the agreement’s foundations. Spain agreed to re-establish the free movement of persons, vehicles and goods between Gibraltar and the neighbouring territory ‘not later than 15 February 1985’ while both parties agreed on the ‘mutual concession of the rights which citizens of EC countries enjoy’ while taking into account ‘the transitional periods and derogations agreed between Spain and the EC’. In the most controversial passage, Spain and Britain agreed ‘issues of sovereignty’ (the plural ‘issues’ had crept into the communique since the 23 November draft) would be raised during the negotiating process aimed at overcoming all differences between them. Finally the Spanish Government pledged to ‘take the early actions necessary to allow safe and effective air communications’.<sup>859</sup>

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<sup>857</sup> TNA FCO 98/1841, Gibraltar: Meeting with the Spanish Foreign Minister 26/27 November, Southern European Department, 23 November 1984.

<sup>858</sup> Ibid.

<sup>859</sup> Jackson and Cantos, *From Fortress to Democracy*, p349.

## 6.8.2 The reaction to Brussels

Anxiety about Spain's impending membership of the EEC had been building in Gibraltar for some time prior to the Brussels Agreement. On the day Morán and Howe met in Brussels, the House of Assembly debated a GSLP motion lamenting the 'continuing uncertainty over the political effects on Gibraltar of the enlargement of the EEC', as well as a declaration that conferring rights on non-Gibraltarians must remain the sole prerogative of the Gibraltar Government.<sup>860</sup> It was little surprise then that when news reached Gibraltar that an agreement had been reached to advance EEC rights to Spaniards ahead of accession, accompanied by talks on Gibraltar's future and the full reopening of the frontier, the reaction was little short of a political earthquake. Howe told his colleagues the agreement would 'unlock the borders' well in advance of the conclusion of Spain's EEC negotiations and exert a 'helpful influence' on Spain's NATO referendum.<sup>861</sup> Meanwhile, Morán hailed the breakthrough as 'a major victory for Spanish diplomacy'.<sup>862</sup> As he had hoped, mention of the 'magic word' — sovereignty — had helped to shift the focus away from Spain's unavoidable obligation to lift the frontier restrictions. Sections of the Spanish press, however, were clear about what had happened:

*España ha explotado su situación de miembro de la OTAN que ya no desea salirse, de candidato que va a entrar en la CEE, para introducir la palabra mágica 'soberanía'. Inglaterra ha explotado la necesidad de España de entrar en la CEE para forzarle a abrir la frontera y de paso le ha*

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<sup>860</sup> Gibraltar House of Assembly Hansard, 26 November 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_30th\\_october\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_30th_october_1984.pdf) [accessed: 30/1/23].

<sup>861</sup> TNA CAB 128/79/16, CC (84) 39th Conclusions, 29 November 1984.

<sup>862</sup> 'The only ones who can sell-out Gib are us!', *Vox*, 1 December 1984, p.1.

*dado una propina que el referéndum sobre la OTAN — si lo hubiere —  
salga bien.*<sup>863</sup>

For Gibraltar, the 'bird in hand' was a fixed date for the re-opening the frontier.<sup>864</sup> This meant that within three months of the agreement, Gibraltar would begin to benefit from the arrival of 'hundreds of thousands of tourists hitherto stopped at the frontier'.<sup>865</sup> Although Hassan called it an 'honourable outcome' to lengthy negotiations, it was this economic imperative which was at the forefront of his mind.<sup>866</sup> He told the AACR's annual conference on 27 November that the agreement would end the 'continuous one-sided haemorrhage of the Gibraltar economy'.<sup>867</sup> The partial opening had led to an unsustainable gross cash outflow of £8 million a year which dwarfed the sums coming in the other direction. Government cash reserves had fallen from £12 million in March 1983 to £3.7 million two years later, while government debt had ballooned from £1.25 million in 1980/81 to £4.1 million in 1983/84. This was not solely down to the partial opening. Government spending had risen by 60 per cent from £35 million in 1980/81 to £56 million in 1983/84, partly as a result of the 1978 decision to grant 'parity' with the UK to public sector workers.<sup>868</sup> The financial strains on the government were exacerbated by an unwillingness to press too hard for the payment of arrears, from rent to utility bills, but it was only this,

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<sup>863</sup> [Spain has exploited its status as a NATO member that no longer wants to leave, as a candidate that is going to enter the EEC, to introduce the magic word 'sovereignty'. England has exploited the need for Spain to enter the EEC to force it to open the border and at the same time has given a helping hand so the referendum on NATO — if there were one — goes well]

Andrés Garrigó, 'Morán califica de "histórico" el acuerdo de Bruselas', *ABC*, 28 November 1984, p.19.

<sup>864</sup> *Ibid.*

<sup>865</sup> Richard Wigg, 'González hails Rock pact', *The Times*, 28 November 1984, p.6.

<sup>866</sup> *Ibid.*

<sup>867</sup> 'AACR Party Conference: If words are followed by actions...', *Vox*, 1 December 1984, p.2.

<sup>868</sup> TNA FCO 98/1839, Secretary of State's Meeting with Sir J. Hassan, 3 October 1984.

and the patience of the banks, that prevented a rash of bankruptcies throughout 1983 and 1984. Looking back on his decision to back Brussels, Hassan recalled that:

The economy was at its lowest ebb; the prospects were very bad; it was a decision I had to take myself...The full opening of the frontier was a sheer necessity to survive. <sup>869</sup>

And yet, economic considerations aside, there were many who felt the price being paid was too high, particularly when it came to sovereignty. There was a further problem for Hassan. The Brussels Agreement committed his government to passing the domestic legislation required to grant Spaniards EEC rights. Given the GSLP's vehement opposition, this was bound to have bumpy ride through the House of Assembly. The House was given its first opportunity to debate the agreement on 12 December 1984. Hassan sought to dispel the 'confusion' and 'anxiety' that was evident in Gibraltar by arguing that the deadlock had only been broken thanks to progress in Spain's EEC negotiations between 1980 and 1984, which meant EEC rights could be substituted for Lisbon's vague 'reciprocity'. The GSLP, which tabled 64 questions and several motions, launched a full frontal attack on the government's support for Brussels. Bossano spoke for two hours, telling the House its views had been totally disregarded and the EEC Committee had been an 'utter waste of time'. Without any of the derogations or protective measures requested, Gibraltar would be left at the mercy of unhindered economic forces leading to 'gradual absorption' by Spain. Unlike Lisbon, the Brussels Agreement 'carries with it the logic of the Common Market'.<sup>870</sup> Granting the 'theoretical' right of establishment, trade, residence, or employment to 300 million Europeans, as Gibraltar had done in 1973, was a different

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<sup>869</sup> Jackson and Cantos, *From Fortress to Democracy*, p.259.

<sup>870</sup> Gibraltar House of Assembly Hansard, 12 December 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_11th\\_december\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_11th_december_1984.pdf) [accessed: 30/1/23].

matter when there was ‘no real prospect’ of European companies, or individuals, competing in the local market. Now Gibraltar would grant those same rights to millions of people on its doorstep, ten months earlier than required.<sup>871</sup> When the European Communities (Amendment) Bill was published in early January, Bossano denounced it as the ‘most shameful piece of legislation that had ever been brought to this House’.<sup>872</sup> GSLP member Juan Carlos Perez thought it was ‘a disaster’ and accused the government of ‘defending the interests of the Foreign and Commonwealth Office’. When the EEC Committee’s efforts had come to nothing, Gibraltar should have followed Greenland’s example and left the Community altogether.<sup>873</sup> A ‘Stop Brussels’ petition started by local students quickly garnered more than 5,000 signatures. Recognising the growing unease, the AACR issued a statement on 21 January accusing the opposition of trying to ‘scare the people of Gibraltar’.<sup>874</sup> Hassan took to the airwaves a few days later emphasising that ‘whatever Mr Bossano may say, there is not the slightest possibility of obtaining special terms for Gibraltar on Spain’s accession’. The EEC Committee had ‘tried very hard to achieve this, at a very high level, and found that the fundamental rules of the Community could not be relaxed’. To think otherwise was ‘pie in the sky’. The GSLP alternative would mean ‘the restrictions will never be removed’ and Gibraltarians might lose their status as Community nationals and entitlement to British citizenship. The truth was ‘Bossano didn’t want Brussels to succeed’ because it would ‘deprive him and his party, for the second time in 12 months, of a major issue on which to confront the Government’.<sup>875</sup>

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<sup>871</sup> Gibraltar House of Assembly Hansard, 12 December 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_11th\\_december\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_11th_december_1984.pdf) [accessed: 30/1/23].

<sup>872</sup> ‘House divided over “Brussels” EEC Rights Bill’, *Gibraltar Chronicle*, 16 January 1985, p.1.

<sup>873</sup> Gibraltar House of Assembly Hansard, 15 January 1985, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1985/hansard\\_15th\\_january\\_1985.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1985/hansard_15th_january_1985.pdf) [accessed: 30/1/23].

<sup>874</sup> TNA FCO 98/2145, Statement by Council of Ministers, 21 January 1985.

<sup>875</sup> ‘EEC Rights legislation to go ahead says CM’, *Gibraltar Chronicle*, 25 January 1985, p.1.

Despite a dramatic walk out by all seven GSLP members, the bill was passed, granting Spaniards a raft of EEC rights including rights to entry, residence, land purchase, business establishment, family allowances, and emergency medical treatment, while free movement of labour would be subject to whatever transitional arrangements were agreed. The government pointed out that no Spaniard would have the automatic right to work in Gibraltar for 'practically eight years from now'. In 1954 there had been 13,000 Spanish cross-frontier workers, 4,500 when the frontier closed in 1969, and there were just 125 today.<sup>876</sup> Unimpressed, Bossano recalled his election night vow that the GSLP's voice 'would be heard in the street'.<sup>877</sup> He took his anti-Brussels campaign beyond the confines of the House of Assembly, calling for a huge public demonstration in Casemates on 31 January 1985, days before the frontier was due to be open. 'We must show the world that we are masters of our own destiny,' he said.<sup>878</sup> Addressing a 1,300-strong crowd, Bossano said Hassan's attempt to portray the march as 'anti-British' was '*su último cartucho*'.<sup>879</sup> The demonstrators marched up Main Street where they delivered the petition, now containing almost 10,000 signatures, to the Governor. Nothing, however, could stop the re-opening of the frontier and with it the dawn of a new era in Spanish-Gibraltarian relations, but it was clear there would now be, as one newspaper put it, a 'Battle for [the] heart of the Rock'.<sup>880</sup>

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<sup>876</sup> 'In best interests of Gibraltar', *Gibraltar Chronicle*, 22 January 1985.

<sup>877</sup> Eugenio Nieto, 'Joshua Hassan gobernará en Gibraltar con una nueva y más radical oposición', *ABC*, 28 January 1984, p.22.

<sup>878</sup> 'Leader of Opposition seeks TV discussion with CM on Brussels', *Gibraltar Chronicle*, 20 January 1984, p.1.

<sup>879</sup> [his last shot]

"Stops Brussels" Demonstration to Governor', *Gibraltar Chronicle*, 1 February 1985, p.1.

<sup>880</sup> Richard Wigg, 'Battle for heart of the Rock', *The Times*, 28 January 1985, p.5.

## 6.9 Conclusion

The success of any 'European solution' depended on a shared vision of Gibraltar's place in a united Europe. Instead, as we have seen, there was an increasing divergence just as Spain was finally on the verge of joining the EEC. European integration involved the gradual elimination of the barriers separating members, and in this brave new world, or so the theory went, old arguments over territorial sovereignty would lose their meaning. While there were still some Gibraltarians prepared to make this 'leap of faith' an increasing number viewed the prospect of a fully open EEC frontier with Spain with trepidation. This was particularly true of those who had come of age politically behind a closed frontier. More than a decade and a half of separation had contributed to the development of a Gibraltarian identity that many felt might now come under threat from Spain. Instead of dismantling barriers, there were some in Gibraltar who wished to erect new ones. Meanwhile, the actions of the PSOE government had shown that when it came to Gibraltar, Spanish policy was not necessarily determined by ideological proximity to Francoism. As Balfour and Quiroga have pointed out Gibraltar was 'one policy area... where all governments of Spain since democracy have been driven by a nationalist agenda'.<sup>881</sup> Morán demonstrated that he was prepared to go further than his predecessors to ensure EEC membership did nothing to undermine Spain's historic claim to the Rock. On the contrary, as we will see in the next chapter, he and González believed the European dimension might provide new opportunities to pursue the Spanish claim, not lay it to rest. For its part, the British government attempted to plot a path to an open frontier without jeopardising Spain's accession negotiations or its referendum on NATO membership, both deemed important to British interests. Brussels was the culmination of a

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<sup>881</sup> Sebastian Balfour and Alejandro Quiroga, *The reinvention of Spain: nation and identity since democracy*, (Oxford: Oxford University Press, 2007), p. 173.



process that began in Strasbourg in 1977, the year Spain applied for EEC membership, but was only possible in 1984 because of advances in Spain's accession negotiations over the previous two years. Despite the vocal opposition of the GSLP, the agreement would provide Gibraltar with a ten-month preview of life inside the EEC with Spain, and more importantly, would end the financial drain caused by the partial opening. In the next chapter, we will look at how the 'European solution' fared when the border was fully re-opened and Spain joined the UK and Gibraltar inside the EEC.

## Chapter 7 — A new era: from the frontier opening to the Airport Agreement (1985-87)

### 7.1 Introduction

A quarter of a century after it had first been envisaged, Britain, Spain and Gibraltar were finally together inside the EEC. In February 1985, the frontier separating Gibraltar from the Spanish town of La Línea de la Concepción was fully re-opened in accordance with the bilateral Brussels Agreement, and a few months later, Felipe González put pen to paper on Spain's Treaty of Accession. This was no coincidence. The Agreement had aimed to find a resolution to the frontier issue before it could disrupt Spain's timetable for accession and offered both Gibraltarians and Spaniards a preview of life together inside the EEC. That officially began on 1 January 1986 — a 'pivotal date in Spanish history' — when Spain and Portugal became the 11th and 12th members of the club Britain and Gibraltar had joined some 13 years earlier.<sup>882</sup> Finally, the much-discussed 'European solution' would be put to the test. When it was, the results fell well short of its supporters' expectations and by the end of 1987, just two years into Spain's membership, many were ready to declare it a failure. This chapter explores how a combination of Spain's actions, both prior to and after joining the EEC, and growing disaffection within Gibraltar, all-but-destroyed the idea of a European solution and contributed to the ejection from power of Hassan and the AACR. The latter gave way to a new and more nationalistic force in Gibraltarian politics, Bossano and the GSLP, whose ascent to power had been propelled by opposition to Strasbourg, Lisbon and Brussels and whose attitude towards the EEC seemed certain to differ considerably to that of their predecessors.

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<sup>882</sup> Angel Viñas, 'Spanish foreign policy from Franco to Felipe González', p. 261.

## 7.2 A new era

A few minutes past midnight on 5 February 1985, a 25 year old Spaniard and his girlfriend sped through the newly opened gates on a white Vespa and into the history books as the frontier was finally re-opened after almost 16 years. On two previous occasions, in 1980 and 1982, hopes had been raised of a return to normality, only to be followed by disappointment. Many Gibraltarians had begun to suspect it might never happen, and just as many were nervous at the prospect. This included young people who had grown up behind the closed gates, and who flocked to support Bossano's anti-Brussels campaign. 'I don't really like it, it's a very confusing time,' one told the *Gibraltar Chronicle* on the eve of the re-opening.<sup>883</sup> Despite Morán's public pronouncements, it was obvious to observers at the time that the frontier had only opened because of Spain's progress towards the EEC.<sup>884</sup> Apart from anything else the connection was clear from the mechanism contained within the Brussels Agreement to advance EEC rights to Spaniards in Gibraltar, and Gibraltarians in Spain, ten months ahead of accession. On the morning of the re-opening, an editorial in *The Times* declared that the 'interchange of people, of jobs, and ideas within the embrace of the European Community' would surely see the divisions of the past assume less significance with each passing month and year.<sup>885</sup> Almost 2,000 km away, at a conference centre in Geneva, the two negotiating teams began the talks on Gibraltar's future established under the agreement. To Howe this was evidence that Britain and Spain could manage their differences in a manner befitting 'prospective partners in the European

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<sup>883</sup> Dominique Searle, 'A more quiet welcome', *Gibraltar Chronicle*, 5 February 1985, p.1.

<sup>884</sup> [*parece evidente que, si tal cosa no hubiera sido hecha, difícilmente habría dado el Reino Unido su visto bueno a que se entrara en la fase final de las negociaciones de adhesión.*]

Alonso, *España en el Mercado Mercado Común*, p. 194.

<sup>885</sup> 'Times Twist', *Gibraltar Chronicle*, 6 February 1985, p.1.

Community'.<sup>886</sup> Hassan agreed that Gibraltar and Spain were 'entering into a new relationship'. Although the course he and his colleagues had chosen was 'not easy' he was confident that in 'the right circumstances' the opposition at home would 'gradually diminish'.<sup>887</sup> A lot depended on whether the 'right circumstances' could be created by the ten-month preview of life alongside Spain in the EEC on which Gibraltar was about to embark. Would it conform to Bossano's worst predictions or would Hassan's gamble be vindicated? From an economic perspective, the full re-opening had come 'not a moment too soon,' according to the Governor.<sup>888</sup> Gibraltar's economy had been 'slowly bleeding to death' and the re-opening was a 'major shot in the arm' both economically and psychologically.<sup>889</sup> In the first week alone, 45,000 visitors poured across the border, including 108 coach-loads from up the coast. It was the start of a 'bonanza' for Gibraltar's traders, as Main Street was turned into the 'Oxford Street of the *Costa del Sol*'. Within a fortnight of the re-opening, Haresh Budhrani, secretary of the Indian Merchants Association of Gibraltar, told *The Times* 'any businessman who says he can't earn a living in Gibraltar today is a born failure'.<sup>890</sup> In the first month, 240,000 visitors arrived from Spain, along with 'one thousand tons of goods'.<sup>891</sup> By Easter almost half a million people had visited the Rock, and Main Street was buzzing. The tourist boom contributed to a massive increase in retail sales and had a knock-on effect on other sectors, including taxis, buses, mini coaches, car hire firms and travel agencies. At the end of the year, an official study concluded that more than 2 million visitors had collectively spent around £20 million. This compared to an average of just 150,000 visitors in each of the previous ten

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<sup>886</sup> Francis Cantos, 'Geneva off to flying start', *Gibraltar Chronicle*, 6 February 1985, p.1.

<sup>887</sup> Canepa, *Serving My Gibraltar*, pp.172-173.

<sup>888</sup> TNA FCO 9/2148, Full opening of the frontier, 22 April 1985.

<sup>889</sup> TNA FCO 9/2149, Valedictory Despatch, 25 October 1985.

<sup>890</sup> Dominique Searle, 'Businessmen bask in Gibraltar's Main St bonanza', *The Times*, 18 February 1985, p.4.

<sup>891</sup> Francis Cantos, 'One thousand tons of goods through frontier', *Gibraltar Chronicle*, 6 March 1985, p.1.

years. The vast majority crossed the land frontier, but air arrivals were also up 46 per cent. Most sectors saw an increase in turnover of around 15 per cent and between 300 and 400 new jobs were created. The buoyancy of the economy fed through into the government's finances, mainly through a significant increase in the collection of import duties. Despite Bossano's dire warnings about an influx of cheap Spanish labour, by January 1986 only 100 to 150 Spaniards were employed in Gibraltar.<sup>892</sup> In October 1985, the Governor reported that the frontier re-opening had led to a 'sea change in Gibraltar's fortunes'. Hassan and his party were 'riding high' while Bossano's credibility had been 'dented' by his opposition to both the dockyard package and Brussels. But Williams warned that Bossano was still 'actively looking for issues which will serve the interests of his party' at the next election and 'for further examples of the ways in which the Community works to the disadvantage of Gibraltar'.<sup>893</sup> Although the 'post-5 February high street bonanza' had stolen some of Bossano's 'thunder', there remained a deep well of suspicion in Gibraltar about Spain's intentions.<sup>894</sup> Rather than admit defeat, Bossano doubled down. He complained that Brussels 'virtually locked us into the EEC on our present terms of membership' and argued Spain's tactical turn towards 'osmosis' would lead to the 'obliteration of the Gibraltar identity and the economic absorption of our community'. It would be 'tragic' if Gibraltar was 'lulled into a false sense of security by the fact that to date the only visible consequence of the agreement has been lifting of restrictions and the day trips of coach loads of tourists'.<sup>895</sup> It was certainly true that while the Brussels Agreement had advanced certain EEC rights to Spaniards ahead of accession, Gibraltar would not assume all of its legal obligations towards Spain until 1 January 1986, including the

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<sup>892</sup> Francis Cantos, '£20 million from frontier tourist boom', *Gibraltar Chronicle*, 4 January 1986, p.1.

<sup>893</sup> TNA FCO 9/2149, Valedictory Despatch, 25 October 1985.

<sup>894</sup> TNA FCO 9/4895, Neilson to Williams, 7 March 1985.

<sup>895</sup> 'Aftermath of Brussels Agreement', *Gibraltar Chronicle*, 4 May 1985, p.1.

requirement to pay the pensions of former Spanish workers at the full rate. As the incoming Governor, Air Chief Marshall Sir Peter Terry noted, it was a commitment which 'derived directly from EC law' and if no satisfactory arrangement could be reached to ameliorate the financial burden this 'single issue could do more than anything to persuade future Gibraltar Governments to ask formally for a re-negotiation of its status within the European Community'. Although the re-opening had been a 'major success' there was still a sense that Gibraltar's relations with the EEC could 'come under strain' in the months ahead.<sup>896</sup>

In June 1985, Howe became the first foreign secretary to visit Gibraltar since Sir Alec Douglas-Home 14 years previously. He told GBC he was encouraged by the 'change in the atmosphere' and the 'substantial increase in trade, business, tourism and confidence'. This had only come about because of a 'growing coming-together within the democratic framework of Europe'.<sup>897</sup> Local press coverage echoed these sentiments. The return to a normal way of life between two frontier communities had been made possible by 'Spanish democracy and Europeanisation' raising hopes that even 'polar extremes' might be 'resolved within the European context'.<sup>898</sup> Community developments in this period contributed to this sense of optimism. In June, a European Commission report from Lord Cockfield called for the elimination of hundreds of physical, technical and non-tariff barriers and the creation of a single European market by 1992. Foreign Office Minister Malcolm Rifkind confirmed Gibraltarians would be entitled to the new 'European Community passports' when these came into effect.<sup>899</sup> In November 1985 the new President of the

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<sup>896</sup> TNA FCO 9/5228, Annual Review, 28 January 1986.

<sup>897</sup> TNA FCO 98/2147, Interview given by the Foreign Secretary, Sir Geoffrey Howe, in Gibraltar on 8 June 1985.

<sup>898</sup> Jon Searle, 'Out of isolation and into the sun', *Gibraltar Chronicle*, 8 June 1985, p.1.

<sup>899</sup> 'EEC passport', *Gibraltar Chronicle*, 7 June 1985, p.1.

European Commission, Jacques Delors, confirmed for the first time that Gibraltar was eligible for EEC funds.<sup>900</sup> Despite this and the success of the first year of the open frontier, the new governor warned that Gibraltarians would be watching carefully how Spain operated once it officially became a member and would be ‘very sensitive to any Spanish attempt to use its membership to seek advantage in relation to Gibraltar’.<sup>901</sup>

### 7.3 Spain’s Act of Accession and Exchange of Notes

Throughout the summer of 1984, Morán had instructed experts to examine the legal implications of Spain’s accession to the EEC on its claim to Gibraltar. He feared that under the legal principle known as *lex posterior derogat priori* signing the Act of Accession would supersede all previous treaties, including the 1713 Treaty of Utrecht.<sup>902</sup> In joining the Community, Spain would be required to accept the entire *acquis*, including the UK’s 1972 Act of Accession which recognised Gibraltar as a European territory whose ‘external relations were assumed by a member state’. Of course, this is precisely what had always attracted advocates of a ‘European solution’. In October 1984 Morán informed the British Ambassador that his government considered it necessary to arrange a formal exchange of notes between Britain and Spain to ensure that signing Spain’s Act of Accession would ‘in no way signify Spanish recognition of the permanence or continuity in the future of the current status of Gibraltar’.<sup>903</sup> Spain had in mind the exchange between France and West Germany on 18 April 1951, at the same time as the Treaty of Paris establishing the European Coal and Steel Community (ECSC), in which each country reserved their

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<sup>900</sup> ‘Gibraltar may apply for EEC funds’, *Gibraltar Chronicle*, 22 November 1985, p.1.

<sup>901</sup> TNA FCO 9/5228, Annual Review, 28 January 1986.

<sup>902</sup> Morán, *España en su sitio*, p.380.

<sup>903</sup> TNA FCO 9/2146, Gordon-Lennox to Howe, 26 October 1984.

respective positions on the final status of the Saar. British officials thought Spain's request could become 'a troublesome issue' but nothing further was said until April 1985.<sup>904</sup> At the end of March, there had been a major breakthrough in Spain's accession negotiations after a marathon session in Brussels. The following month, at a meeting in London, Berdejo formally proposed that an exchange of notes be annexed to the Treaty of Accession to 'protect Spain's legal position'. He told officials 'Spanish legal advisers were of the view that the Treaty of Accession could have implications for the Treaty of Utrecht'. Jenkins thought his government would have 'major difficulties' with any text being formally annexed to the Treaty.<sup>905</sup> Studying the proposals, FCO legal advisers concluded their Spanish counterparts had 'a reasonable legal point' since accession 'involved Spanish acceptance of our Accession Treaty and explicit recognition that Gibraltar is a UK territory'.<sup>906</sup> Howe was unimpressed but reluctantly agreed to the idea of an exchange of notes, providing it was kept separate from the Treaty of Accession. Ministers attached 'the greatest political importance' to Spanish accession, not just as a major event in the history of Europe, but as a 'significant development' in Anglo-Spanish relations:

It would be unfortunate if this occasion was to be marred by highlighting the Gibraltar question particularly when we have taken great care to avoid making an issue of Gibraltar in the accession negotiations.<sup>907</sup>

Howe was opposed to any link between the exchange of notes and the signing ceremony in Madrid on 12 June 1985. It took a couple more weeks to agree a text, with Spanish

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<sup>904</sup> TNA FCO 98/1841, Meeting with Spanish Foreign Minister: Steering Brief, 23 November 1984.

<sup>905</sup> TNA FCO 98/2146, Spain/Gibraltar: Meeting of the Coordinators, Sr Berdejo and Mr Jenkins, 29 April 1985.

<sup>906</sup> TNA FCO 98/2146, Evans to Jenkins, 2 May 1985.

<sup>907</sup> TNA FCO 9/2147, Howe to Madrid, 23 May 1985.



lawyers insisting the notes contain a reference to the Brussels Agreement. As the British Ambassador explained:

The argument was that if the Brussels process was not affected by signature of the Treaty of Rome, this must be stated in terms. It might otherwise be argued that the Treaty could be construed as superseding or overriding the Brussels Agreement in some way.<sup>908</sup>

Here then was the crux of the matter. Spain had always publicly insisted that the Brussels Agreement was purely a bilateral matter, and not formally connected to its accession to the EEC. Yet Spanish government lawyers were insisting there might be a connection after all, and a formal exchange of notes was necessary to make it clear the Brussels process was the only forum in which Spain was prepared to consider the future of Gibraltar. The pretence reached absurd heights when Gordon-Lennox attempted to untangle the distinctions:

The point was the need for each side to preserve its *unilateral* position, while making perfectly clear in a *multilateral* context...that the problem of Gibraltar remained a *bilateral* one.<sup>909</sup>

Britain was persuaded to include a reference to Brussels and Hassan was informed on 6 June, once a final text had been agreed. He was reportedly 'content' with the outcome as both sides were 'merely reserving their positions'.<sup>910</sup> Amid the hoopla over the signing

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<sup>908</sup> TNA FCO 9/2147, Gordon-Lennox to FCO, 24 May 1985.

<sup>909</sup> Ibid.

<sup>910</sup> TNA FCO 9/2147, Williams to FCO, 6 June 1985.

ceremony in the Royal Palace in Madrid on 12 June 1985, few people noticed the Anglo-Spanish exchange of notes, which was quietly announced the following day in reply to a Parliamentary Question in the House of Commons. In the final text, Spain placed on record its view that accession to the EEC and the application of Community regulations to Gibraltar, did 'not involve any alteration in the position of the Kingdom of Spain concerning Gibraltar' and did nothing to 'affect the bilateral negotiating process' established at Brussels on 27 November 1984.<sup>911</sup> To the few who noticed, this was fairly standard stuff. However its deeper significance would only be appreciated in time. Spain would now be joining Britain and Gibraltar in the EEC, but far from marking the end of the long-running dispute over sovereignty which had led to the frontier closure in the first place, Spain had made it clear that accession did nothing to affect its historic claim to the Rock, which could only be discussed within the bilateral Brussels process. Nor was the exchange of notes merely a passive restatement of both countries' respective legal positions, it was a signal Spain was prepared to ignore Community aspects to the Gibraltar question where it felt these might damage its claim. As Morán put it, it was not simply a question of eliminating the perception that Spain's European option meant giving up its claim to Gibraltar:

*por el contrario, nuestra inserción en la Comunidad debía dejar integra la posición reintegradora y suministrarnos instrumentos para reforzar una reivindicación que no dependía de nuestra pertenencia o no al club de Bruselas.*<sup>912</sup>

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<sup>911</sup> TNA FCO 9/2147, Morán to Howe, 13 June 1985.

<sup>912</sup> [On the contrary, our insertion into the Community should leave the reintegration position intact and provide us with instruments to reinforce a claim that did not depend on our belonging or not to the Brussels club.]

Morán, *España en su sitio*, p.98.

## 7.4 Spain's hardening attitude

Morán's tenure at the *Palacio de Santa Cruz* had succeeded in at least one key area, with Spain finally securing a place in Europe, but less than a month later he was gone. Despite serenading him with *Asturias, patria querida*, a hymn to his '*patria chica*', upon the successful conclusion of the EEC negotiations, the verdict of the Spanish press was damning.<sup>913</sup> His results were largely 'mediocre' and opening the frontier with Gibraltar, in reality nothing more than an 'essential concession' to gain entry to Europe, had been trumpeted by the government as if it were an 'indescribable triumph'.<sup>914</sup> Morán's replacement was 55-year old Francisco (Paco) Fernández Ordóñez, a former minister in Suárez's UCD government, and it soon became clear he would pursue a harder line. There were several reasons for this. The successful conclusion of the EEC negotiations, and the opening of the frontier, had removed the single most important balancing element in the Anglo-Spanish relationship: Spain's need for British support in the negotiations, and Britain's desire to see the frontier restrictions lifted. But while Britain saw the Brussels Agreement and the opening of the frontier as an end in itself, Spain believed the talks begun in Geneva were only the beginning, and would eventually lead to the recovery of the Rock. In Geneva, Morán handed over a new set of sovereignty proposals during a private session with Howe. The Spanish plan, approved by the Prime Minister and the King, proposed the establishment 'in instalments' of an Anglo-Spanish condominium over Gibraltar which would last for a set number of years before reverting to exclusive Spanish sovereignty.<sup>915</sup> Spain's proposals were formally presented to the British government by the Spanish Ambassador, José Joaquín Puig de la Bellacasa, on 4 March 1985, and Howe

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<sup>913</sup> HAEU, Oral History Collections: Voices on Europe, *Carlos Westendorp y Cabeza* (1998) <[https://archives.eui.eu/en/oral\\_history/INT638](https://archives.eui.eu/en/oral_history/INT638)> [accessed 11 September 2023].

<sup>914</sup> Alberto Míguez, 'Fernando Morán, víctima de una errónea política exterior', *ABC*, 1 December 1985.

<sup>915</sup> Morán, *España en su sitio*, p.431.

sent a brief acknowledgment on 16 March, but after that, nothing more was said.<sup>916</sup> Spain clearly expected more, and a sense of frustration at Britain's lack of engagement on the issue began to grow. In December 1985, a second round of ministerial talks under the Brussels umbrella took place in Madrid. There was, according to one participant, a very different 'atmosphere' with the new Foreign Minister.<sup>917</sup> Spain seemed determined to adopt a 'hard-hitting approach,' at least in private. González argued that the British commitment to respecting the views of the Gibraltarians was 'a ploy which was likely to cause prolonged delay on the question of the sovereignty of Gibraltar'. Anglo-Spanish relations would only prosper if the UK could 'agree a framework in which a solution on this matter could be sought within three years'. Howe gave a 'firm reaction' to the 'unjustified' suggestion of a new framework on sovereignty, but it was clear Spain had once again changed tack.<sup>918</sup> The Governor lamented the fact that the 'harder line' adopted by Fernández Ordóñez would do 'little to dispel the long-standing Gibraltar assessment that Spain will push its claims over sovereignty as hard as it can'.<sup>919</sup> In March 1986, Spaniards voted by a margin of 57 to 43 per cent to remain in NATO, and a few months later González was returned for a second term as Prime Minister. As Sepúlveda has noted, after the referendum and PSOE's second election victory, González and Fernandez Ordoñez returned to a policy aimed at the 'internationalisation' of the conflict over Gibraltar. Spain's position in NATO and the EEC presented it with 'new platforms' in which to apply pressure on Britain to negotiate the sovereignty of Gibraltar.<sup>920</sup> In his investiture speech, González publicly reaffirmed his hope that a 'solution' to decolonise Gibraltar could be

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<sup>916</sup> TNA FCO 98/2146, Foreign Affairs Council, Brussels, 18-20 March 1985.

<sup>917</sup> Canepa, *Serving My Gibraltar*, p.178.

<sup>918</sup> TNA CAB 128/81/36, CC (85) 36th Conclusions, 12 December 1985.

<sup>919</sup> TNA FCO 9/5228, Annual Review, 28 January 1986.

<sup>920</sup> Sepúlveda, *Gibraltar: La Razón y La Fuerza*, p. 339.

found in the next four years.<sup>921</sup> However, by the end of the year the talks had reached a standstill, and Fernández Ordóñez declared Gibraltar the most negative area of Spain's external relations. He visited London in January 1987 to hold talks with Howe and Thatcher but there was 'zero' progress on sovereignty and this time he found it hard to conceal his frustration in public. There could not be 'normal relations' with Britain while the colony existed.<sup>922</sup> Before long, this 'absurd and abnormal' situation was going to cause 'great difficulties' for the EEC, he predicted.<sup>923</sup>

It was not just Britain's foot-dragging over sovereignty that prompted Spain to re-think the 'Morán model' but the developing situation in Gibraltar itself.<sup>924</sup> The opening of the frontier had led to an economic boom on both sides of the fence, but many Spanish observers believed the benefits were being disproportionately reaped by Gibraltar. There was also the growing spectre of an old but familiar source of friction: smuggling. Ahead of the re-opening on 5 February 1985, the Gibraltar Government had decided to lower import duties on spirits, cigarettes, cigars and petrol to enable traders to offer lower prices when the tourists returned. It was a win-win situation as far as the government was concerned. The lower prices attracted more shoppers to Main Street, while the government boosted its finances by collecting more import duties (there was a 50 per cent increase in duties collected in 1985 compared to the previous year).<sup>925</sup> All this was possible because of Gibraltar's position outside the customs union. Just as the Deputy Governor, Robin O'Neill, had warned back in 1979, staying outside the customs zone made it in Gibraltar's

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<sup>921</sup> 'President of Spanish Govt. still unaware', *Vox*, 26 July 1986, p.1.

<sup>922</sup> Alfonso Barra, 'Fracaso en la negociación sobre el Peñón de Gibraltar', *ABC*, 15 January 1987, p.19.

<sup>923</sup> Alfonso Barra, 'Fernández Ordóñez hace veladas amenazas a la postura oficial de Londres', *ABC*, 16 January 1987, p.18.

<sup>924</sup> "'Spain to harden Gib line" report', *Gibraltar Chronicle*, 31 December 1986.

<sup>925</sup> 'Gib starts to get up on its own feet', *Gibraltar Chronicle*, 19 April 1986, p.1.

economic self-interest to 'exploit to the maximum' the differences between the prices of goods on each side of the frontier.<sup>926</sup> There was a further problem. When the border re-opened in February 1985, visitors to Gibraltar each had a duty free allowance equivalent to 200 cigarettes or a one litre bottle of spirits, but this only applied to tourists. Regular visitors, including those who lived in the impoverished frontier zone, were only permitted their full duty free allowance once a month. Throughout the period of advance implementation, from 5 February 1985 to 1 January 1986, Spanish immigration control continued to stamp the passports of people entering or leaving Gibraltar, meaning that, in theory, the monthly duty free allowance could be enforced. However once Spain officially entered the EEC, passport-stamping would disappear and enforcing the duty free allowance would be left to the discretion of individual customs officers. From the day of accession, Spain was also required to start bringing its taxation policy in line with other EEC member states, leading to average price rises of 7 per cent which further accentuated the differences on either side of the frontier.<sup>927</sup> Soon, the Spanish press was complaining that tobacco smuggling, not seen on a large scale since the 1960s, 'had risen from the ashes'.<sup>928</sup>

The 'wave of prosperity' washing over Main Street had another unwanted side effect from Spain's point of view: strengthening the growing 'Gibraltarian nationalism' on the Rock.<sup>929</sup> Inevitably, it was Bossano who was most outspoken. If Gibraltar stood any chance of remaining 'politically independent' from Spain, it had to become 'economically viable' he wrote on the eve of the frontier re-opening:

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<sup>926</sup> TNA FCO 9/2805, O'Neill to Daunt, 23 November 1979.

<sup>927</sup> 'Spanish tax - Gib gains', *Gibraltar Chronicle*, 11 June 1985.

<sup>928</sup> A. Semprún Guillén, 'El nacionalismo gibraltareño, fortalecido con la prosperidad económica de su actual situación', *ABC*, 16 September 1985, pp.21-22.

<sup>929</sup> *Ibid.*

This sense of independence can only begin to take root in our community when we accept that our colonial status cannot persist forever and that if we are to avoid becoming a Spanish colony as opposed to a British one we must develop and strengthen our sense of identity as a people. We must begin to think in terms of a *Gibraltarian Gibraltar*.<sup>930</sup>

It was a message he took directly to Spain, visiting the PSOE international secretariat in Madrid in May 1985, to explain his party's policy on 'the paramount right of self determination' and opposition to the current terms of Gibraltar's EEC membership.<sup>931</sup> This increasingly assertive Gibraltarian nationalism derived, at least in part, from the many frustrations that had surfaced during Spain's accession negotiations and in particular the failure to obtain any of the derogations or safeguards requested by the House of Assembly's EEC Committee. Bossano told the House that Gibraltar's position in the Community was unique, because 'we are the only people who are affected by whatever is decided by everybody, but have no say in it'.<sup>932</sup>

If the wine growers can influence the negotiations when it comes to talking about wine and the olive growers can influence negotiations and the fisherman, why cannot the people of Gibraltar...If we were a sovereign state we might be taking a completely different line, we might be saying:

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<sup>930</sup> Joe Bossano, 'Narrow dividing line', *Gibraltar Chronicle*, 3 January 1985, p.1.

<sup>931</sup> 'Bossano unexpectedly crosses the frontier', *Gibraltar Chronicle*, 11 May 1985, p.1.

<sup>932</sup> Gibraltar House of Assembly Hansard, 26 November 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_30th\\_october\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_30th_october_1984.pdf) [accessed: 30/1/23].

“We will lay down our terms of membership to the EEC and if they do not like it we are out.”<sup>933</sup>

Nor were increasing demands for constitutional advancement limited to the GSLP. Constitutional progress of any sort had effectively been frozen since 1969, while all efforts were concentrated on achieving a normalisation of relations with Spain. However the lifting of the restrictions in 1985, also lifted the lid on demands for constitutional progress. Sixteen years of isolation had provoked ‘a strong nationalist reaction’ in Gibraltar, wrote José Carrizosa in *ABC*. Furthermore, this ‘nationalist thesis’ was shared, with more or less intensity, by all political parties on the Rock as well as enjoying the ‘clearly detectable’ backing of public opinion.<sup>934</sup> The AACR established a party committee to explore options for Gibraltar’s decolonisation and constitutional advancement. Although still not prepared to advocate independence, the committee called for an updated version of the party’s long-preferred option of ‘Free Association’ with the UK. As one of the AACR’s rising stars, Peter Montegriffo, explained, this would mean retaining the link to the UK whilst aiming for ‘as much independence as possible’ including, the right ‘to enter and leave international organisations’.<sup>935</sup> The Brussels Agreement could not ‘interfere with the Gibraltarians’ right to progress constitutionally’.<sup>936</sup> The Spanish government looked on with mounting concern at the growth of an increasingly prosperous and assertive Gibraltar.

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<sup>933</sup> Gibraltar House of Assembly Hansard, 26 November 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_30th\\_october\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_30th_october_1984.pdf) [accessed: 30/1/23].

<sup>934</sup> José A. Carrizosa, ‘Dieciséis años de aislamiento han provocado en Gibraltar una fuerte reacción nacionalista’, *ABC*, 28 August 1985, p.20.

<sup>935</sup> Francis Cantos, ‘Constitutional study: Free Association revived’, *Gibraltar Chronicle*, 22 February 1986, p.1.

<sup>936</sup> *Ibid.*



## **7.5 Gibraltar: suspicions grow**

To make sense of the growth of anti-EEC sentiment on the Rock during a period which coincided with an economic boom sparked by the full re-opening of the frontier, it is important to appreciate the extent to which opposition to Brussels became entangled with broader questions about Gibraltar's future place in the EEC. As we have seen, even the British Ambassador required a certain amount of mental gymnastics to separate which issues were purely bilateral, under the Brussels process, and which were multilateral, under the Community umbrella. For the man or woman on the street, the consequences which flowed directly from the Brussels Agreement, such as the reciprocal exchange of EEC rights, and the flow of EEC directives emanating from Brussels proper, could easily blur. Still, there is little doubt much of the opposition to the Brussels Agreement stemmed from the declaration itself, and in particular, the commitment to discussing 'issues of sovereignty'. In contrast, EEC directives on banking and insurance, or the obligation to pay Spanish pensions at the full rate, derived exclusively from EEC legislation, and were unrelated to what had been agreed in Brussels in November 1984. However, in by far the most controversial and consequential example, a commitment entered into at Brussels, to establish a working party on aviation, acquired an EEC dimension in the summer of 1987 which turned what might have remained a bilateral irritant into the first major crisis of Spain's EEC membership.

### **7.5.1 Sovereignty concerns**

Spain's sovereignty proposals might not have received the response it was hoping for, but if Britain thought that playing the long game would allay Gibraltarian fears, it was mistaken. Bossano, who had opposed talks with Spain since 1977, foresaw dangers ahead. During

Howe's visit in June 1985, he had questioned the secrecy surrounding the Anglo-Spanish discussions and asked how long it would be possible to keep the talks going without committing to something in the end.<sup>937</sup> The Spanish campaign had not ended, he warned in November 1985, it had 'simply entered a new phase'. As Morán himself had made clear, Spain expected an agreement on sovereignty in the next two to four years and it would achieve this through 'osmosis', the 'instrument which has substituted the siege in the Spanish tactics to recover the Rock'.<sup>938</sup> To those already suspicious about where the Brussels process might lead, the revelation by Maurice Xiberras in December 1984 that Hassan had drawn up a so-called 'two-flag' solution involving nominal co-sovereignty over the Rock backed by the EEC in 1978, was confirmation of their worst fears. Hassan tried to dismiss the whole affair as 'a dead duck'; a politically motivated attempt to 'discredit' the AACR, while Bossano called on the government to release any documents connected to the idea, arguing Gibraltarians had 'a right to know the options that have been considered'.<sup>939</sup> In January 1986, as we have seen, Spain officially joined the UK and Gibraltar in the EEC. Sixteen days later, it was suggested to the Governor that the ceremonial guard at the frontier should be removed as it was no longer appropriate at a frontier between fellow EEC members and NATO allies. Spain welcomed the suggestion and confirmed it would remove its own guard from the other side, but only if the frontier gates themselves were dismantled. When Hassan was informed in May 1986, he warned it would be badly received in the atmosphere of heightened suspicion over Brussels and the process of osmosis heralded by Spain's accession to the EEC. British ministers agreed to leave the frontier gates in place but wanted to press ahead with removing the guard, even

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<sup>937</sup> TNA FCO 98/2147, Record of Conversation between the Secretary of State and Opposition Members of Gibraltar House of Assembly, Friday 7 June.

<sup>938</sup> TNA FCO 9/2149, Bossano speech to House of Assembly, 17 November 1985.

<sup>939</sup> Gibraltar House of Assembly Hansard, 26 March 1985 Vol. I, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1985/hansard\\_26th\\_march\\_1985\\_vol\\_I.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1985/hansard_26th_march_1985_vol_I.pdf) [accessed: 30/1/23].

if Spain did not reciprocate. In April 1986, in another sign of the normalisation of Anglo-Spanish relations, King Juan Carlos visited the UK, the first state visit by a Spanish monarch since 1905. Despite Hassan's warning, the British ceremonial guard was removed from the frontier on 31 July 1986, a move which, from the public's perspective, came 'out of the blue'.<sup>940</sup> There was a widespread backlash, directed not just at the Governor and the FCO, but at Hassan himself. To sceptics of the Brussels process, the removal of the guard was evidence of 'an Anglo-Spanish ploy to let the process of "osmosis" gradually change the red, white and blue of the Union Jack...into the red and gold of Spain'.<sup>941</sup> If Hassan did not take steps to halt the process, he would be seen as 'an accomplice'.<sup>942</sup> Realising he had to cover his back, Hassan took the unprecedented step of revealing his confidential exchanges with the Governor over a period of months, in which he had consistently advised against the unilateral removal of the guard. The FCO insisted the decision had no implications for sovereignty and was simply part of the normalisation of relations between 'EEC colleagues' in line with 'current trends at land frontiers within the Community'.<sup>943</sup> This was an argument emphatically rejected by the GSLP and other opponents of Brussels. 'Any blurring of the frontier between Gibraltar and Spain can only assist the Spanish process of osmosis envisaged in the Brussels Agreement and weaken our defences in resisting absorption,' the GSLP stated. Furthermore, 'the same considerations do not apply between France and Spain or any other two nation states in the European Community'.<sup>944</sup> As Bossano put it in a letter to the *Chronicle*: 'Spain still ends at the frontier gates and Gibraltar starts there, guards or no guards'.<sup>945</sup> Hassan rejected

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<sup>940</sup> Francis Cantos, 'Britain withdraws 250 year frontier guard', *Gibraltar Chronicle*, 1 August 1986, p.1.

<sup>941</sup> 'Sir William Jackson: Lack of reciprocity "unfortunate"', *Gibraltar Chronicle*, 27 August 1986.

<sup>942</sup> 'DPBG urge strong stand on sovereignty', *Gibraltar Chronicle*, 13 August 1986, p.1.

<sup>943</sup> 'Gates removal "premature" - F&CO', *Gibraltar Chronicle*, 9 August 1986.

<sup>944</sup> 'Frontier gates should never be removed - GSLP', *Gibraltar Chronicle*, 12 August 1986, p.1.

<sup>945</sup> Quoted in Garcia, *The Making of a People*, p. 193.

the GSLP's call for an emergency debate on the issue but agreed to a joint memorandum on behalf of all elected members, which was forwarded to the Foreign Secretary in September 1986. 'The whole of Gibraltar is profoundly disturbed by the decision,' it read:

There has been much talk of "osmosis". We reject this concept of Spanish origin, in so far as it is to be interpreted as meaning the furtherance of a process deliberately designed to draw Gibraltar closer to Spain and away from Britain with a view to an eventual take-over.<sup>946</sup>

Significantly, the memorandum conformed to the GSLP thesis on 'osmosis'. In this view, the combined effect of Gibraltar's EEC membership and the Brussels Agreement pointed to a future inextricably linked with Spain. Gibraltar would become economically dependent on Spain, and gradually integrated with the hinterland on the other side of the border. This had at one time been seen in Whitehall as an inevitable, even desirable, consequence of European integration, but it was now clear it would be fiercely resisted, just as other aspects of Gibraltar's 13-year membership of the EEC were being called into question.

### **7.5.2 EEC doubts**

In July 1986, the FCO's European Community Department (ECD) prepared a paper on Gibraltar's relationship with the EEC. It noted that during the first five years, membership had 'a certain air of unreality' about it.<sup>947</sup> Gibraltar was thousands of miles from Community territory, and cut off from the rest of the Iberian peninsula by the Spanish blockade. With the exception of the 'one direct benefit' brought about by accession, namely exemption

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<sup>946</sup> 'The Memorandum', *Vox*, 20 September 1986, p.3.

<sup>947</sup> TNA CAB 193/473, 'Gibraltar and the European Community', July 1986.

from the 1971 Immigration Act, membership during these early years was ‘largely nominal’.<sup>948</sup> That is not to say Gibraltar was not required to implement EEC directives or abide by EEC law, it was, but many of these laws would only require practical steps once Spain joined the Community. The most politically contentious was the obligation to pay the pensions of former Spanish frontier workers under the terms of a June 1971 EEC directive on the application of social security schemes. We will look at this in a bit more detail later, but it was far from being the only applicable directive. Gibraltar was obliged to implement all EEC directives except those relating specifically to the customs zone, VAT or the common agricultural or fisheries policies. Even with these exclusions, the list was formidable, and the FCO had noticed Gibraltar had been ‘falling progressively and massively behind her EC obligations for some years’.<sup>949</sup> There were several reasons for the growing backlog. For one thing, there was a tendency on the part of UK negotiators in Brussels to ‘overlook Gibraltarian interests’ which was exacerbated by an *ad hoc* system of informing the Gibraltar Government of relevant legislation.<sup>950</sup> Secondly, the increased ‘pressure on the Gibraltarian administrative machine’ which did not have the expertise or resources to deal with large volumes of EEC legislation on top of its usual work. Lastly, the Gibraltar Government’s own ‘political priorities’ sometimes conflicted with Community rules that it perceived to be a threat, for example to the finance centre.<sup>951</sup> As a result, directives were only being implemented on ‘an occasional and idiosyncratic basis’. At times this could simply be put down to the ‘natural dilatoriness’ of Gibraltar Government departments.<sup>952</sup> For example, no action was taken for several years to recognise Greece’s

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<sup>948</sup> TNA CAB 193/473, ‘Gibraltar and the European Community’, July 1986.

<sup>949</sup> *Ibid.*

<sup>950</sup> TNA CAB 193/473, Shearer to Jay, 11 August 1986.

<sup>951</sup> *Ibid.*

<sup>952</sup> TNA CAB 193/473, ‘Gibraltar and the European Community’, July 1986.

accession to the EEC in 1981 or to implement a 1975 directive on equal pay for men and women. At other times, it could be attributed more ominously to ‘the impact of a local lobby’ — the Finance Centre Group — whose members opposed the regulatory provisions of EEC legislation. Only the collapse of two Gibraltar-based insurance companies, Signal and Cavendish, in 1984, and the threat of infraction proceedings by the European Commission, eventually prompted the Gibraltar Government to implement EEC directives on insurance companies and banking. In July 1986, a ‘preliminary trawl’ identified around 50 EEC directives which should have been implemented in the previous three years. Gibraltar had been ‘fortunate’ to escape the scrutiny of the European Commission, but with Spain now a member, there was ‘a real risk...the Spanish Government may discover the omissions and complain’. This would be a ‘major embarrassment’ for the UK, which as the member responsible for Gibraltar’s external relations, could face ‘wholesale infraction proceedings’.<sup>953</sup> While Whitehall fretted about the need to ‘start putting Gibraltar’s house in order’ there was a parallel recognition that the increasing burden of EEC legislation might prove to be unpopular and strengthen the hand of those who argued EEC obligations were too onerous for such a small community.<sup>954</sup> The GSLP in particular was actively calling for a re-negotiation of the terms of Gibraltar’s membership. As predicted, it did not take long for Spain to notice Gibraltar’s non-implementation of EEC rules and regulations once it became a member and a complaint was made at ministerial level in January 1987. Spain also had concerns about the way Gibraltar’s Trade Licensing Authority, which issued licences to traders wishing to operate in Gibraltar, had refused applications from Spanish companies in a manner it believed was contrary to EEC law. By the middle of 1987, a FCO legal adviser, David Gordon-Smith, had identified a priority list of around 20 directives which needed to be enacted soon. However, while Hassan remained committed in

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<sup>953</sup> TNA CAB 193/473, ‘Gibraltar and the European Community’, July 1986.

<sup>954</sup> TNA CAB 193/473, Jay to Mogg, 21 August 1986.

principle to meeting all of Gibraltar's EEC obligations, he thought there would be difficulties in pushing through a large volume of EEC-related legislation with an election on the horizon, as this would give Bossano 'another excuse to complain about burdens of EC membership and the failure of the Government to seek reasonable derogations before Spanish accession'.<sup>955</sup>

### **7.5.3 Pensions**

When the frontier closed in 1969, more than half the regular contributors to the Gibraltar Social Insurance Fund (GSIF) were Spaniards. The sudden withdrawal of this workforce created a political time bomb. In 1973, the House of Assembly had passed legislation requiring two years residency in Gibraltar to be entitled to any increase in the rate of pension. This meant that while Gibraltar-based contributors saw their pensions progressively rise throughout the period of the closed frontier, non-resident pensioners, the vast majority in Spain, saw their pensions frozen at the old rate. Soon after Spain applied for EEC membership in 1977, it became apparent this arrangement would fall foul of rules barring discrimination against EEC nationals in social security schemes. In essence, the residency rules could no longer apply, and once inside the EEC, Spanish pensioners would be entitled to the same rate as that in Gibraltar. The issue was first raised in Strasbourg in 1977 and a working group was established after the March 1978 Paris meeting. A resolution to the pensions question had also been sought under the 1980 Lisbon Agreement. Early efforts to reach a solution centred around the possibility of handing over a lump sum to Spain, which would then assume responsibility for paying the pensioners, but no agreement was ever reached. Instead, with Spain's accession to the EEC on the horizon, the issue became a cause of concern in Gibraltar. Along with fears

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<sup>955</sup> TNA FCO 98/2985, Broadley to FCO, 20 March 1987.

about free movement of labour, the pensions issue, which estimates had shown would place an additional £6 million a year burden on the government, was the principal concern expressed by the House of Assembly's EEC Committee during Hannay's July 1983 visit. Just as with the free movement issue, the Committee had pushed the European Commission for derogations. The FCO and the Department of Health and Social Security (DHSS) held a series of meetings with Commission officials to discuss the matter but in March 1984 the Commission rejected any possibility of a derogation for Gibraltar as contrary to EEC rules. A second proposal was put forward in August 1984, which envisaged phasing in entitlement to the full rate over a period of ten years, but once again the Commission dismissed it as a 'fundamental departure' from basic EEC rights.<sup>956</sup> With seemingly no possibility of reaching a bilateral agreement with Spain, and no escape from EEC obligations, it was reluctantly accepted that Spanish pensioners would have to be paid at the full rate from the date of accession. But who would pay? Adolfo Canepa, the Minister for Economic Development, told the House in November 1984 that the £6 million-a-year commitment would 'destroy Gibraltar economically' and the government could not pay the bill, even if this meant being 'kicked out' of the Community.<sup>957</sup> The mood at the 1985 annual meeting of the European Movement, where the issue was publicly discussed, was downbeat. Just eight years after the branch had been established amid an enthusiastic embrace of the European project, members now looked towards the prospect of Spanish accession with foreboding. Canepa argued that the pensions bill was a prime example of the threat posed by the EEC to a small community like Gibraltar, which was lumbered with all the liabilities of belonging to the Community, without receiving anything positive in return.<sup>958</sup> Throughout the period of 'advance implementation' Gibraltarian

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<sup>956</sup> TNA FCO 9/2147, 'Impact of Spanish Accession on Gibraltar', 31 May 1985.

<sup>957</sup> Gibraltar House of Assembly Hansard, 26 November 1984, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1984/hansard\\_30th\\_october\\_1984.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1984/hansard_30th_october_1984.pdf) [accessed: 30/1/23].

<sup>958</sup> Francis Cantos, '£6 million in pensions due to Spanish workers', *Gibraltar Chronicle*, 10 May 1985, p.1.



leaders engaged in a back-and-forth with the British government over who should pay the pensions bill. The row broke out into the open in December 1985, just a few weeks before payments at the new rate were due, when a junior FCO minister, Tim Eggar, announced that the responsibility rested with the Gibraltar Government. Hassan went public, saying he recognised Gibraltar's 'moral responsibility' to pay only what had originally been paid in by the 4,000 or so Spanish pensioners who were eligible (around £4.5 million in total including interest) but insisting his government would not pay a penny more.<sup>959</sup> He rejected a British offer to contribute £9 million of the extra £16.5 million required over the first three years. Hassan held out for the full amount and on 23 December 1985, just a week before the deadline, Britain agreed to pay the full £16.5 million from 1986 to the end of 1988. If the Chief Minister believed that would put an end to the matter, he was mistaken. The GSLP argued that the pensions issue should have been resolved before the government gave the green light to the Brussels Agreement and Gibraltar lost any opportunity of obtaining EEC derogations. The agreement with Britain merely 'put off the day of reckoning for three years'.<sup>960</sup> When the payments began on 3 February 1986, the GSLP insisted the government had no mandate from the electorate on the issue, nor on the Brussels Agreement itself, which had never featured in the 1984 campaign. Once the initial £4.5 million had been paid out, the GSLP would regard the matter as closed and would not pay any more if elected in 1988.<sup>961</sup> Canepa, now Hassan's heir apparent, agreed the pensions burden should fall on Britain, Spain and the EEC, but not Gibraltar. The possibility that the EEC might be asked for funds was dismissed by the FCO as 'humiliating' and an extreme example of the 'begging bowl' approach favoured by

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<sup>959</sup> 'Row now out in the open', *Vox*, 7 December 1985, p.1.

<sup>960</sup> TNA FCO 98/2545, Terry to FCO, 13 January 1986.

<sup>961</sup> 'Brussels Agreement, Spanish Pensions: Opposition Calls for Referendum', *Gibraltar Chronicle*, 28 February 1986.

Mediterranean members of which Britain was the 'principal critic'.<sup>962</sup> Even if an approach to Brussels was made, there were no existing EEC programmes under which such sums could be made available. The Governor warned that the pensions issue was likely to remain 'the most difficult EC-related problem facing Gibraltar' for some time as it was becoming harder to convince 'Gibraltarian tax-payers that they should fund an obligation that arises out of their Community membership' when 'membership has so far produced little tangible benefit'. The issue would assume wider 'political significance' in terms of Gibraltar's future prospects in the EEC.<sup>963</sup>

## **7.6 The Airport Agreement**

The politically explosive intersection between the bilateral Brussels process, and the multilateral arena of the EEC, can be located on the narrow strip of land separating Gibraltar from Spain on which the airport is situated. The issues which surfaced as a result of this did more to set back the idea of a lasting 'European solution' than anything else in this period, demonstrating beyond doubt that Spain was prepared to use its membership of the EEC to protect its territorial claim. For Britain, which had used up a lot of its political capital in the budgetary battle, and was gearing up for a new one with Delors, the Spanish veto risked further complicating strained relations with Brussels. In Gibraltar, the airport agreement proved to be the 'death blow' for Hassan and the AACR and helped usher in a new era under Bossano.<sup>964</sup>

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<sup>962</sup> TNA FCO 98/2545, Evans to Neilson, 20 March 1986.

<sup>963</sup> TNA FCO 9/5865, Annual Review for 1987, 22 January 1988.

<sup>964</sup> Garcia, *The Making of a People*, p.198.

The Brussels Agreement had established working groups to look into specific areas for future cooperation, including civil aviation. From the beginning, the two sides had quite different expectations about what could be achieved. During eight and a half hours of discussions in Madrid on 4 March 1985, Spain outlined a series of ideas which Howe thought were 'not consistent with the spirit of the Brussels Agreement'.<sup>965</sup> Indeed Morán makes it clear in his memoirs that his legal advisors had been preparing detailed plans for 'joint administration' of the airport for over a year prior to the meeting.<sup>966</sup> At Brussels, Spain had agreed to take early steps to modify the SPA and allow safer access for aircraft approaching Gibraltar airport but by March 1984 no action had been taken. Eventually, on 1 April 1985, the SPA was modified, but only for civilian aircraft. Morán insisted there had never been any suggestion the SPA would be modified for military aircraft, but there was a feeling in Whitehall that Spain was deliberately holding back this part of the agreement to retain a bargaining chip that could be used later. Officials reconvened at the end of April 1985, and by the early summer a proposal for joint use of Gibraltar's airport, along the lines of Basel airport on the Swiss-French border, was taking shape. In June, the plans, which included building a new terminal to enable passengers to disembark directly to Spain, were leaked to *El País*. The revelations were grist to the mill of Bossano's on-going campaign against Brussels, which after the initial success of the frontier re-opening, required a new focus. He argued there should never have been a '*quid pro quo*' for the removal of frontier restrictions, as this only encouraged further Spanish demands, with the airfield seemingly next on the list. 'We are totally opposed to any question of joint control or joint use of a foreign power over our airfield,' he told the House.<sup>967</sup> Bossano's opposition to an airport deal, like his opposition to talks on sovereignty, increasingly employed an

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<sup>965</sup> TNA FCO 98/2146, Howe to Madrid, 11 March 1985.

<sup>966</sup> Morán, *España en su sitio*, p. 379.

<sup>967</sup> TNA FCO 98/2149, Bossano speech to House of Assembly, 17 November 1985.

overtly nationalistic rhetoric. The GSLP were 'Gibraltarian patriots' committed to the defence of their 'homeland' and would never 'barter away' so much as a 'grain of sand' in return for 'short term material comforts'.<sup>968</sup> Hassan made it clear, both in private and in a letter to *The Times*, that he opposed any 'special arrangement' for passengers arriving at Gibraltar, including the suggestion that those wishing to travel directly to Spain could be taken over in a 'sealed bus' bypassing Gibraltar's custom and immigration controls.<sup>969</sup> Little progress was made in the first ten months of 'technical' discussions. During his first meeting with Fernández Ordóñez in December 1985, Howe admitted the airport issue was particularly sensitive because it combined technical with political questions.<sup>970</sup> Further talks took place in London in August 1985 and Madrid in February 1986, with the involvement of the Gibraltar Government's administrative secretary, Joe Pitaluga, as part of the British delegation. However, shortly before the aviation group was due to visit the frontier in March 1986, Pitaluga was abruptly withdrawn, over concerns 'political undertones' were creeping into the technical discussions. In the same month, the House of Assembly unanimously adopted a motion declaring any proposal which encroached on British sovereignty over the isthmus 'unacceptable'.<sup>971</sup> Significantly, this was the first time both parties had come together on a major issue of foreign policy since the 1984 election. Although he supported the motion, Hassan said that in the absence of an agreement, opportunities to build on growing cross-border relationships would be lost. Furthermore, it would be 'unnatural' for 'neighbours and members of the Economic Community' to have no

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<sup>968</sup> TNA FCO 98/2149, Bossano speech to House of Assembly, 17 November 1985.

<sup>969</sup> TNA FCO 98/2150, Gibraltar: Secretary of State's Breakfast with Hassan, 21 November 1985.

<sup>970</sup> TNA FCO 98/2150, Record of the meeting on Gibraltar between the Secretary of State and the Spanish Foreign Minister held in the Spanish MFA, Madrid, 6 December 1985

<sup>971</sup> Francis Cantos, 'Airport Talks: "Encroachment on sovereignty unacceptable to the people." - House of Assembly', *Gibraltar Chronicle*, 26 March 1986, p.1.

air links at all.<sup>972</sup> Technical talks stumbled on at official level throughout 1986, without Gibraltarian involvement, and with little movement on either side.

In the summer of 1986, the House of Assembly passed the European Communities (Amendments) Bill, ratifying the Single European Act (SEA), and paving the way for the creation of a European single market by 1992. The SEA was the biggest change to the functioning of the EEC since its creation and introduced the concept of qualified majority voting into key areas of decision-making. It was opposed by the GSLP, which argued ‘little Gibraltar’ would be giving up even more sovereignty, and burdened with even more legislative responsibility, as a result of the act.<sup>973</sup> As the months passed, with no news of an agreement over the airport, suspicions grew in Gibraltar that a ‘nasty deal’ was being cooked up.<sup>974</sup> To understand the depth of feeling this issue generated, it must be recalled that the airport had acted as a ‘lifeline’ for Gibraltar during the decade and a half when the frontier was closed. As one local newspaper put it, the airport was as vital to Gibraltar’s survival as electricity or water, and the idea of ceding any control over it to Spain was unthinkable.<sup>975</sup> In December 1986, Bossano put down another motion, passed unanimously, declaring that the people of Gibraltar wished the airport to remain ‘under the exclusive control’ of the British and Gibraltarian authorities.<sup>976</sup> At a meeting between Hassan and David Ratford, the Assistant Under Secretary at the FCO leading the negotiations with Spain, the Chief Minister was warned that the ‘economic benefits of development of the airport’ could only be obtained ‘at a price’ and this would have to

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<sup>972</sup> Gibraltar House of Assembly Hansard, 24 March 1986 Vol.I, Available at: [https://www.parliament.gi/uploads/contents/hansard/hansard\\_1986/hansard\\_24th\\_march\\_1986\\_vol\\_I.pdf](https://www.parliament.gi/uploads/contents/hansard/hansard_1986/hansard_24th_march_1986_vol_I.pdf) [accessed: 30/1/23].

<sup>973</sup> ‘Towards no frontiers within the EEC’, *Gibraltar Chronicle*, 20 October 1986, p.1.

<sup>974</sup> ‘Tom Tower’, ‘Gib must unite now’, *Vox*, 13 December 1986, p.14.

<sup>975</sup> *Ibid.*

<sup>976</sup> Francis Cantos, ‘GSLP motion on airport at House of Assembly’, *Gibraltar Chronicle*, 12 December 1986, p.1.

include some special arrangement for Spanish passengers. Hassan thought the price being demanded 'was too high' and Madrid was seeking to make 'unacceptable' inroads on sovereignty.<sup>977</sup>

Meanwhile, the meeting between Howe and Fernández Ordóñez at the beginning of 1987 had ended in failure, and Spain had virtually nothing to show from two years of talks. As we have seen, Spain began to adopt a harder line on Gibraltar, with increasing delays at the frontier as every car was subjected to rigorous checks. These were permitted because Gibraltar remained outside the customs zone, but Hassan was convinced they were being orchestrated by Madrid for political reasons. Then, in May and early June of 1987, Spain began to question other aspects of Gibraltar's membership of the EEC. On 25 May 1987, the Spanish Justice Minister, Fernando Ledesma, refused to sign two EEC justice agreements because they applied to Gibraltar, and the following month Spain raised further doubts about the applicability of a draft directive on frontier controls.<sup>978</sup> Spain's permanent representative in Brussels, Carlos Westendorp, told Hannay that problems of this sort 'could arise quite frequently from now on' as Fernández Ordóñez had been criticised for allowing Spain's position on Gibraltar to be undermined by the Community.<sup>979</sup> As far as the British government was concerned, 'Gibraltar was part of the Community and Community law applied to it unless provision was made in our Treaty of Accession that it should not apply'. If Britain acquiesced on one piece of legislation, Hannay insisted, then 'the implications for other Community legislation would be far-reaching'.<sup>980</sup> The British Ambassador warned that objections over Gibraltar's place in the EEC 'seemed certain to

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<sup>977</sup> TNA FCO 98/2988, Meeting between Mr Rattford and Sir Joshua Hassan, 26 May 1987.

<sup>978</sup> Gold, *A stone in Spain's shoe*, p.117.

<sup>979</sup> TNA FCO 98/2988, Hannay to FCO, 12 June 1987.

<sup>980</sup> *Ibid.*

feature more prominently' in exchanges with Spain and could easily become a 'bone of contention'.<sup>981</sup> The next big piece of EEC legislation with implications for Gibraltar was the Regional Air Services Directive, part of an air transport liberalisation package due to be agreed at a meeting of transport ministers in Luxembourg at the end of June. If adopted, the package would open up flights to regional or third category airports across the EEC, including Gibraltar, which had been included on a list submitted by the UK prior to Spanish accession. GB Airways, co-owned by British Airways and a Gibraltar-based firm MH Blands, was already in discussions to begin operating regular flights to Zurich and Frankfurt, but Spain was putting pressure on the authorities there to refuse permission. In a meeting with the British Ambassador on 12 June, Jesús Ezquerro argued that if GB Airways began operating services to other European cities, it would reduce 'the incentive on Gibraltar to reach an agreement with Spain on use of Gibraltar airport'. Going into a meeting later that month with Máximo Cajal from the Spanish foreign ministry, Ratford was told to protest against the Spanish pressure on Swiss and German authorities as 'most unwelcome and unbecoming of an EC partner'.<sup>982</sup> Given the lack of progress in bilateral discussions over aviation, Ratford should suggest the talks be put 'on ice' for the time being.<sup>983</sup> Minutes of the meeting between Ratford and Cajal remain unavailable, but within days, the issue had blown up spectacularly at the EEC transport ministers meeting.

The meeting in Luxembourg on 24-25 June 1987 was intended to be a formality to sign off on the package of air reforms which had been almost two years in the making. Few anticipated what happened next. With agreement reached in principle between the other 11 member states, the Spanish transport minister, Abel Caballero, announced that Spain

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<sup>981</sup> TNA FCO 98/2988, Gordon-Lennox to FCO, 24 June 1987.

<sup>982</sup> TNA FCO 98/2988, Mr Ratford's Meeting with Sr Cajal, June 1987.

<sup>983</sup> TNA FCO 98/2988, Weston to Ratford, 16 June 1987.

was prepared to block the entire package if it applied to Gibraltar. The Spanish press described it as the 'most serious' crisis in Spain's 18-month membership of the Community, but Caballero insisted Gibraltar was an issue of fundamental importance.<sup>984</sup> Accepting that the directive applied to the airport would 'significantly modify' the status of Gibraltar, he claimed, 'invalidating the bilateral process of negotiation' and endangering Spain's claim to sovereignty.<sup>985</sup> The Spanish veto shone an unforgiving light on the complete lack of understanding between Britain and Spain when it came to the latter's accession to the Community, and how it related to the Brussels process. For Britain, whose transport minister, Paul Channon, described the Spanish actions as 'ridiculous', Gibraltar was part of the EEC, and Spain had accepted this when it joined.<sup>986</sup> British sources told *ABC* that the EEC directive should not be 'mixed up' with Anglo-Spanish discussions over the airport. Spain had never once raised the Regional Air Services Directive during any of the conversations on the airport over the past two years.<sup>987</sup> The Spanish government saw things differently. It would not negotiate the question of Gibraltar through the EEC, after all the Brussels Agreement had been signed prior to accession, but it could not allow EEC developments to damage its rights or to take the airport issue out of its hands.<sup>988</sup> Not only had Spain shown it was prepared to face down the other member states on an issue it deemed to be of fundamental importance, but it was willing to wield the threat of a veto to 'paralyse' any Community policy it felt might prejudice the Spanish position. There was debate over whether Spain's actions had been 'improvised' or

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<sup>984</sup> Andrés Garrigó, 'El problema de Gibraltar causa el primer enfrentamiento de España en la CEE', *ABC*, 25 June 1987, p.32.

<sup>985</sup> Andrés Garrigó, 'El veto español sobre Gibraltar hizo que quedase aplazado el Consejo de Ministros de la CEE', *ABC*, 26 June 1987, p.29.

<sup>986</sup> *Ibid.*

<sup>987</sup> Andrés Garrigó, 'Gran Bretaña pretende aislar a España en la CEE por Gibraltar', *ABC*, 29 June 1987, p.1.

<sup>988</sup> Angel Puerta, 'Firmeza del Gobierno para evita que la CEE perjudique los derechos sobre Gibraltar', *ABC*, 27 June 1987, p.22.



planned.<sup>989</sup> Britain certainly felt ‘ambushed’ by eleventh hour demands which had never been raised during bilateral discussions.<sup>990</sup> It is possible that Ratford’s suggestion, a week prior to the Luxembourg meeting, that the aviation talks be put ‘on ice’ spurred the Spanish delegation into action. But as we have seen, there was already a well developed Spanish policy to prevent ‘regulatory developments within the Community’ from consolidating the presence of what it viewed as the ‘colonial situation’ in Gibraltar.<sup>991</sup> Although various compromises were advanced in Luxembourg, no agreement could be reached and a further meeting was convened for 30 June 1987 in Brussels in a last ditch effort to rescue the package before the SEA came into force on 1 July. Under the SEA, certain proposals would no longer require the unanimous approval of every member state, potentially dealing a fatal blow to Spain’s power of veto. However Spain had made it clear that when a member states’ ‘vital interests’ were at stake they retained the power of veto.<sup>992</sup> The row scuppered any chance of agreement on a major package of EEC legislation and soured the atmosphere at the Council of Ministers meeting in Brussels, only Spain’s third as a full member. Although Spain’s actions attracted little sympathy in other European capitals, Thatcher’s increasing belligerence at European summits, this time over the so-called Delors Plan, had won her few friends, and in the wake of the Brussels meeting, González went on the front foot, attacking Britain’s lack of belief in European unity, and accusing Thatcher of only being interested in a free market and not a Europe of ‘solidarity’.<sup>993</sup>

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<sup>989</sup> Andrés Garrigó, ‘El veto español sobre Gibraltar hizo que quedase aplazado el Consejo de Ministros de la CEE’, *ABC*, 26 June 1987, p.29.

<sup>990</sup> Andrés Garrigó, ‘Gran Bretaña pretende aislar a España en la CEE por Gibraltar’, *ABC*, 29 June 1987, p.1.

<sup>991</sup> Sepúlveda, *Gibraltar: La Razón y La Fuerza*, p.340.

<sup>992</sup> Andrés Garrigó, ‘El veto español sobre Gibraltar hizo que quedase aplazado el Consejo de Ministros de la CEE’, *ABC*, 26 June 1987, p.29.

<sup>993</sup> Gold, *A stone in Spain’s shoe*, p.120.

While Anglo-Spanish talks continued over the summer of 1987 with a new sense of urgency caused by the embarrassment at Luxembourg, Gibraltar's political leaders were preparing to visit the European Parliament in Strasbourg. The campaign for Gibraltarian voting rights in European elections had continued throughout 1986 but a planned visit to Strasbourg had been postponed when the European Parliament backed out as hosts. Already, less than a year after Spain's accession, there were fears that Gibraltar would find it harder to have its voice heard in the corridors of power. 'We are going to get this all the time,' Bossano told a meeting of Gibraltar's European Movement in May 1986. Gibraltar would find 'less of a sympathetic audience' now Spain had 'left her isolation'.<sup>994</sup> With a large number of MEPs in the Socialist grouping, Spain was a powerful force at European level and Spanish MEPs would be able to influence decisions and policies relating to Gibraltar. Hassan firmly believed the only way to counter what the chair of the European Movement, Cecilia Baldachino, called the 'lack of enthusiasm' for Gibraltarian affairs amongst MEPs, was to make the case in person.<sup>995</sup> In September 1987, just a few months after the Luxembourg fiasco, a delegation from Gibraltar including Hassan and Bossano travelled to Strasbourg to meet the President of the European Parliament, Lord Plumb. Spanish MEPs regarded the visit as a 'provocation' in light of the on-going argument over the airport and PSOE and *Alianza Popular* (AP) members, including the former foreign secretary Fernando Morán, joined forces to put pressure on Plumb to deny the visit anything of an official character.<sup>996</sup> Hassan and Bossano were left waiting for half an hour in Plumb's presidential suite in the parliamentary building, before an apologetic official informed them the meeting had been moved to the British Ambassador's residence. A 'humiliated' Hassan refused to shake Plumb's hand and accused him of 'insulting' the

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<sup>994</sup> Francis Cantos, 'Obstacles in Gib's European way', *Gibraltar Chronicle*, 16 May 1986, p.1.

<sup>995</sup> *Ibid.*

<sup>996</sup> Angel Puerta, 'El día 8, reunión hispano-británica con el escollo del aeropuerto de Gibraltar', *ABC*, 30 August 1987, p. 18.

Gibraltarians. At a press conference the following day, Bossano and Hassan denounced the 'horrible manipulation' by Spanish MEPs, and accused Plumb of giving in to 'blackmail'.<sup>997</sup> Meanwhile, details of the latest Anglo-Spanish discussions over the airport had been leaked to *El País*, including reported demands for the presence of Spanish air traffic controllers in Gibraltar. Amid the feverish atmosphere created by the leak, and the humiliation in Strasbourg, Britain's lead negotiator, David Ratford, visited the Rock on 10 November 1987. He was greeted by the largest mass demonstration in Gibraltar in over 20 years, as 12,000 Gibraltarians, led by Bossano and Hassan, marched to The Convent behind a banner reading 'No Concessions'. A petition with 15,500 signatures was delivered. As the crowd surged past the entrance to the Governor's residence, Bossano forced his way inside and up onto the balcony, while Hassan was hustled along down Main Street. Once again it was Bossano who was the most visible opponent of any deal with Spain. A surprise TV appearance by Howe on 16 November designed to reassure Gibraltarians did not prevent the House of Assembly from passing a motion against 'any concessions' which might lead to joint control of the airport.<sup>998</sup> Meanwhile, the Gibraltar Trades Council (GTC), which represented 80 per cent of the workforce, said its members would block the implementation of any deal. Neither the UK nor Spain wished to see the airport issue ruin another EEC transport ministers meeting, this time in Copenhagen on 7 December, and efforts were stepped up to reach a bilateral agreement. Two days of ministerial-level discussions in Madrid on 27 and 28 November failed to break the deadlock. On the eve of further talks in London at the beginning of December, Hassan gathered his team together to discuss the prospects of an agreement, to which 'all ministers' remained opposed.<sup>999</sup> There is no publicly accessible official record of what

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<sup>997</sup> Ignacio Cembrero, 'Los españoles logran oscurecer la visita de Joshua Hassan a Estrasburgo', *El País*, 17 September 1987.

<sup>998</sup> Canepa, *Serving My Gibraltar*, p.189.

<sup>999</sup> *Ibid.*

happened next, so we must rely on the memoirs of those involved. On 1 December, the Gibraltarian delegation, which included Hassan, Canepa, and Pitaluga, travelled to London and spent the whole of the next day waiting in a hotel while Howe and Fernández Ordóñez thrashed out an agreement on the airport. 'We were not involved at all, and we did not see either of them until they concluded their meeting,' recalls Canepa. At around 10pm in the evening, a car was sent to take them to 1 Carlton Gardens, the official residence of the Foreign Secretary, where they were asked to line up for photographs while Howe announced an agreement had been reached. Thus 'giving the impression,' writes Canepa, 'that we had been involved all along'. In fact, it was 'a stitch up' on the part of the FCO, 'a well-calculated plot to compromise our position'.<sup>1000</sup> The agreement concluded on 2 December 1987 took the form of another joint Anglo-Spanish declaration. It had been reached 'taking into account' both the Brussels Agreement and 'the discussions within the Council of the European Community about the European Commission's proposals for liberalising air transport' in an effort to square the circle over which process took priority. Both the bilateral efforts aimed at 'greater cooperation over the Gibraltar airport', and 'the fact that the application of the European Community air transport policy' would lead to increased use, justified the creation of a whole new set of arrangements, including a terminal adjacent to the existing frontier fence for passengers travelling directly to Spain; the establishment of a joint committee to coordinate civil air transport and recognition of the Madrid government's right to grant permission for Spanish airlines to use the airport.<sup>1001</sup> Howe thought the Anglo-Spanish declaration would clear the way for the Europe-wide agreement on cheaper air fares for '300 million Europeans' and would be 'good for Gibraltar, for Spain, for Britain and for the European Community as a whole'.<sup>1002</sup>

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<sup>1000</sup> Canepa, *Serving My Gibraltar*, p.189.

<sup>1001</sup> Jackson and Cantos, *From Fortress to Democracy*, p.351.

<sup>1002</sup> 'The Gibraltar Airport: Sovereignty fully preserved', *Vox*, 5 December 1987, p.1.

Crucially though, the final decision on whether or not to accept the agreement would rest with the Gibraltarians. Hassan called it ‘the best agreement in the circumstances’ but made it clear he would not use his majority to push it through so close to an election.<sup>1003</sup>

Bossano bluntly accused Hassan of ‘betraying’ the people of Gibraltar.<sup>1004</sup> A few days later, Hassan resigned as Chief Minister. He told Howe his decision ‘had nothing to do’ with the airport agreement, and at 72 years of age, he had already made his mind up to step down before the next election.<sup>1005</sup> On 7 December, the air liberalisation package was finally passed at European level, but its application to Gibraltar would be wholly dependent on whether the Gibraltar Government accepted the terms of the bilateral Airport Agreement, a prospect which looked increasingly unlikely. At a press conference after his resignation, Hassan said Gibraltarians would now have to reflect on ‘whether we wished to remain away from all development in Europe’.<sup>1006</sup>

## **7.7 The departure of Hassan**

Whether or not the Airport Agreement contributed to Hassan’s decision to resign remains debated. Jackson and Cantos claim he had already made up his mind to retire in August 1987 but delayed making an announcement until the Anglo-Spanish talks concluded.<sup>1007</sup>

What can be said is that just over 100 days after his departure, the AACR was ejected from power, never to return. As in any election, there were many contributing factors to the GSLP’s landslide victory on 24 March 1988. Hassan and the AACR had dominated

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<sup>1003</sup> ‘End of an era’, *Vox*, 12 December 1987, p.1.

<sup>1004</sup> Joe Garcia, ‘Era of more extreme politics may be opening’, *Financial Times*, 10 December 1987.

<sup>1005</sup> TNA CAB 128/87/12, CC (87) 36th Conclusions, 10 December 1987.

<sup>1006</sup> ‘End of an era’, *Vox*, 12 December 1987, p.1.

<sup>1007</sup> Jackson and Cantos, *From Fortress to Democracy*, p.266.

political life in Gibraltar for four decades, and many felt it was simply time for change. For Garcia, 'carrying the Brussels banner' destroyed the AACR, but arguably the Airport Agreement was more significant.<sup>1008</sup> In January 1987, two years after the re-opening of the frontier and the beginning of the Brussels process, Hassan still enjoyed a healthy lead over Bossano in local opinion polls. Indeed the Governor thought Hassan might be tempted to continue as leader; after all Brussels had 'revived the economy to almost everyone's benefit'.<sup>1009</sup> However, by July 1987, following the fiasco in Luxembourg, Bossano had edged ahead of Hassan for the first time, and by January 1988, following Hassan's resignation and the conclusion of the Airport Agreement, support for the AACR had slumped from 39.8 to 27.9 per cent.<sup>1010</sup> In short, while Hassan still commanded considerable personal loyalty amongst a section of the electorate, the same could not be said of his successor, Adolfo Canepa, nor indeed of the party itself.

By spring 1988, Bossano's path to power looked assured, and a new question came into focus: what might a GSLP government mean for Gibraltar's relations with the EEC? Hassan was one of the few politicians in Gibraltar still willing to make the case for a 'European solution'. Throughout Spain's first year in the EEC, as the opposition, and even members of his own party, bemoaned the burdens of membership, Hassan continued to argue that Gibraltar as 'a small entity' in 'the large continent of Europe' had to cultivate friends and contacts beyond the Rock.<sup>1011</sup> In July 1986 he publicly reiterated his view that if a question remained over Gibraltar's future, Europe provided the answer. Writing in the *Government Executive* he looked ahead to a time when the vision of a united Europe

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<sup>1008</sup> Garcia, *The Making of a People*, p.199.

<sup>1009</sup> TNA FCO 160/243, Annual Review 1986, 28 January 1987.

<sup>1010</sup> Manuel Huertas, 'Bossano, un radical antiespañol, se perfila como ganador en los comicios gibraltareños', *ABC*, 24 March 1988, p.34.

<sup>1011</sup> 'Leaders on Europe', *Vox*, 24 May 1986, p.3.

would be fulfilled, with 'national prejudice and self-interest fading away'. This would not in his view lead to the kind of uniformity feared by opponents of 'osmosis', instead:

The disappearance of national barriers, giving way to a common citizenship, should at the same time give greater scope for the preservation and development of the regional, and even smaller cultures and peculiarities which will add richness and diversity to a united continent. Gibraltar looks forward to becoming part of that great paradox of strengthened individual identity within a greater and more homogenous whole.<sup>1012</sup>

He defended the part he and his government had played in the Brussels Agreement, which he believed marked a genuine breakthrough after 30 years of animosity:

No one had yet come with a solution but the atmosphere today is totally different from that of the past. Spanish democracy was the first step; the Brussels Agreement was the second; Spanish accession to the Community was the third. I said many years ago in the House of Assembly that a solution would one day be found in the European Community, I remain of that view.<sup>1013</sup>

For a political pragmatist like Hassan, happiest occupying 'the middle ground,' this public commitment to the European ideal stands out.<sup>1014</sup> In contrast, the Governor thought

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<sup>1012</sup> 'Gibraltar question: Europe is the answer', *Gibraltar Chronicle*, 19 July 1986, p.1.

<sup>1013</sup> Ibid.

<sup>1014</sup> TNA FCO 9/5228, Annual Review, 28 January 1986.

Bossano was exploiting a 'deep suspicion of Spain among the younger generation' to serve 'his own political ends'.<sup>1015</sup> Whatever you thought of such tactics, his position had been remarkably consistent. He had opposed the Strasbourg process in 1977 and the Lisbon Agreement in 1980, when he was the GSLP's sole representative in the House of Assembly, and his party had been at the forefront of popular opposition to Brussels. The initial success of the frontier re-opening had taken some of the wind out of his sails, but as one departing governor warned, he would continue to look for 'opportunities to criticise Gibraltar's membership of the European Community'.<sup>1016</sup> In the end, he did not have to look far. The Airport Agreement, which combined the dangers to sovereignty he had anticipated in the Brussels Agreement, with Spain's newly acquired veto at European level, fell into his lap. The whole episode 'revived the debate about the benefits which Gibraltar receives from its...rather anomalous status within the Community'.<sup>1017</sup> Spain had used bilateral discussions over aviation under the Brussels umbrella to try and 'erode British sovereignty over the isthmus' and when this appeared to be going nowhere, deployed the threat of an EEC veto to force Britain back to the table. 'Many Gibraltarians now suspect that their interests will be increasingly sacrificed to those of the Community,' the Governor concluded. They also believed, not unreasonably, that Gibraltar should have been included within the Community's air liberalisation package 'as of right' and 'without preconditions'. Instead they had come to the bitter realisation that Britain and Gibraltar's interests would sometimes differ.<sup>1018</sup> When this happened, as Ratford himself freely admitted, Britain's 'best guideline' would be 'to look to the UK interest' to determine policy — 'much as we did

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<sup>1015</sup> TNA FCO 9/5865, Terry to Weston, 22 March 1988.

<sup>1016</sup> TNA FCO 9/2149, Valedictory Despatch, 25 October 1985.

<sup>1017</sup> TNA FCO 9/5865, Annual review for 1987, 22 January 1988.

<sup>1018</sup> *Ibid.*



over the airport agreement'.<sup>1019</sup> Spain's early moves in the EEC inevitably led to questions about Gibraltar's future in the Community. By the beginning of 1988 two court cases were pending which challenged the legality of Gibraltar's Trade Licensing Ordinance in light of EEC regulations; the government was struggling to keep up with a constant stream of directives which some thought threatened the prospects of the finance centre and commercialised shipyard; and the pensions issue was going to re-surface at the end of the three-year deal agreed in December 1985.

Taken together, all these negative effects of Community membership have strengthened the voice of those who believe that Gibraltar's status within the Community, which was determined in 1972 long before Spain even applied for EC membership, should be reconsidered.<sup>1020</sup>

Nor were these voices confined to the opposition. Hassan's successor, Canepa, said Gibraltar's exclusion from the air liberalisation package, coupled with Community obligations in areas such as pensions, meant 'in the long run Gibraltar could leave the European Economic Community entirely'.<sup>1021</sup> Bossano was unequivocal; if the GSLP won the election, everything agreed prior to taking office, would be '*papel mojado*'.<sup>1022</sup> A new era had begun, but even after 15 years of membership, Gibraltar's relationship with the EEC, and its closest neighbour, was anything but settled.

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<sup>1019</sup> TNA FCO 9/5865, Ratford to Fretwell, 15 February 1988.

<sup>1020</sup> TNA FCO 9/5865, Annual review for 1987, 22 January 1988.

<sup>1021</sup> 'Canepa: "Si se cierra la puerta hay que dejar abierta la ventana"', *ABC*, 13 December 1987, p.44.

<sup>1022</sup> ['wet paper']

Mar Correa, 'Las elecciones gibraltareñas decidirán el futuro del aeropuerto del Peñón', *ABC*, 19 February 1988, pp. 40-41.

## 7.8 Conclusion

Spain's actions over the Regional Air Services Directive removed any lingering doubt about its commitment to a European solution for Gibraltar. As Sepúlveda has noted, it was 'the first time the Anglo-Spanish controversy over the sovereignty of Gibraltar directly affected the normative development of the European Community' but it would not be 'an isolated case' and similar situations would arise whenever Spain felt Community developments threatened to undermine its territorial claim.<sup>1023</sup> This realisation, combined with Gibraltar's lack of an independent voice in Europe, and Britain's apparent unwillingness to offer unqualified support, led to a shift in attitudes towards the EEC. Bossano's approach to the EEC (not to mention relations with Spain and the UK) during his period as Chief Minister from 1988 to 1996, were certainly a marked contrast to that of his predecessor. That is, however, a story that goes beyond the scope of this thesis. What we can say is that by the time Bossano took over in 1988, much of the early optimism invested in Gibraltar's European future had dissipated. The re-opening of the frontier and Spain's accession to the EEC had not had the unifying effect many had imagined, or dared to hope, that it would. In fact, the idea that through some form of 'osmosis' the differences between Spain and Gibraltar would gradually disappear was anathema to many Gibraltarians, whose sense of a distinctive national identity had strengthened considerably behind the closed frontier. Even with Spain and Gibraltar inside the EEC, barriers remained, both physical, as a result of Gibraltar's exclusion from the customs union, and psychological, as a result of 16 years of isolation. Spain's desire to join the EEC had provided the key to getting the frontier restrictions lifted, but once safely inside, it had not taken long for Spain to demonstrate that EEC membership could 'become a weapon' in pursuit of its claim. Evidence of an 'orchestrated campaign' of this sort, the governor

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<sup>1023</sup> Sepúlveda, *Gibraltar: La Razón y La Fuerza*, p. 341.

warned, made it much harder for Gibraltarians to ‘look at the benefits of European Community membership on their merits’. Britain, in turn, had to find ‘more effective ways’ of demonstrating the value of EEC membership, not least by ‘hammering home’ the fact that the frontier might still be closed were it not for Gibraltar’s place in the EEC, while continued membership provided a ‘crucial insurance policy’ against a return to the bad old days.<sup>1024</sup>

The apparent failure of the European solution called into question some of the ‘fundamentals’ of Britain’s long term policy, and the governor predicted there would now be ‘pressure to renegotiate the terms of Gibraltar’s status within the European Community’. Meanwhile, the decision to give Gibraltar the final say over the Airport Agreement might encourage a Bossano-led government ‘to seek more responsibility for external affairs’ and test ‘the scope for taking decisions without consultation’ with the UK.<sup>1025</sup> Indeed the Airport Agreement provoked what one writer has called ‘a colonial rebellion’, accelerating the development of ‘Gibraltarian nationalism’.<sup>1026</sup> The Governor’s observation proved prescient, and indeed many of the issues encountered here, from the failure to implement EEC directives to Bossano’s opposition to Brussels and refusal to implement the Airport Agreement, from Spanish attempts to exclude Gibraltar from Europe-wide agreements to the revival of cross-border smuggling, would dominate the political agenda well into the next decade. Yet, against all predictions, the European dream did not die, and a new generation of Gibraltarian political leaders endeavoured to establish an independent voice for Gibraltar in Brussels, and to fight for recognition of their European rights. In the final chapter, I will look briefly at the long afterlife of the European solution in Gibraltar, as well

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<sup>1024</sup> TNA FCO 9/5865, Terry to Weston, 22 March 1988.

<sup>1025</sup> TNA FCO 9/5865, Annual review, 22 January 1988.

<sup>1026</sup> Sepúlveda, *Gibraltar: La Razón y La Fuerza*, p. 342.

as drawing some conclusions from the first 30 years of Gibraltar's relationship with the EEC, key elements of which are currently being re-visited as part of Britain's post-Brexit settlement with the EU.

## Chapter 8 – Conclusion

This thesis set out to do address a gap in the literature on the political impact of European integration on Gibraltar and to provide a new lens through which to view the territory's contemporary history. It does this in a number of ways. First, by using original records from this period to chart, for the first time, Gibraltar's journey towards EEC membership in 1973; a path which, like Britain and Spain's, was rarely straightforward and involved dead ends, false starts, and abrupt changes of direction. In particular it looks at how, why and where, the key decisions about Gibraltar's future place in Europe were taken, the political and economic factors that were considered and the far-reaching consequences they would have, especially when it came to the frontier. Secondly, this thesis provides a detailed analysis for the first time of the impact European integration had on political life in Gibraltar, and how changing attitudes to the European project affected the electoral fortunes of the principal parties and personalities during this formative period. Finally, it places these developments within their wider international political context, specifically the effect that European integration had on Anglo-Spanish relations and bilateral efforts to resolve differences over Gibraltar. Taken together, this 'European factor' offers a fresh perspective on familiar events from Gibraltar's recent history. The deterioration in relations with Spain from 1964 onwards, culminating in the closure of the frontier in 1969, can be linked to Britain and Spain's exclusion from the EEC, and the disappearance of the common ground that had existed between 1957 and 1963. The '15th siege' may have ended soon after it begun, had the British government stuck to its original aim of bringing Gibraltar fully inside the EEC. The controversial talks on Gibraltar's future in Strasbourg, Lisbon and Brussels during the 1970s and 1980s, were driven in large part by the need to open the frontier ahead of Spain's accession to the EEC. While the end of Hassan and the

AACR's dominance of local politics, and the concomitant rise of Bossano and the GSLP can be viewed within the context of the compromises and concerns arising from this process.

It is not always easy for contemporary historians to separate serious study of the recent past from the problems and concerns of the present, and that has been especially true of this study, which was researched and written while negotiations took place around Gibraltar's exit from the EU. As far as possible, I have tried, as Raymond Aron had it, to project back into the past some of the uncertainty we feel today about the future.<sup>1027</sup> All the decisions taken during this period — decisions, as we have seen, with far-reaching consequences — were made without knowledge of what would come next. In 2016, the UK held a second referendum on membership of the EEC/EU. Unlike 1975, Gibraltarians were given a vote, but this time the result went the other way. Unsurprisingly, Brexit and the subsequent, and on-going, efforts to redefine the parameters of a new relationship between Gibraltar and the EU, have led to the events of this period being revisited with a degree of urgency that was previously lacking. As politicians in Gibraltar, London and Madrid once again wrestle with the political and economic consequences of their decisions, what can we conclude from the first 30 years of Gibraltar's coexistence with the European Economic Community?

This thesis has demonstrated how tension between economic and political factors in the decision-making process led to the 'halfway house' position Gibraltar came to occupy in the EEC, with major implications for the frontier.<sup>1028</sup> At the time of Britain's first application, Gibraltarian leaders judged the 'political need' to remain close to Britain overrode all other

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<sup>1027</sup> Raymond Aron, 'Introduction', in *Max Weber, Le savant et le politique* (Paris: Union Générale d'Éditions, 1963), p.8.

<sup>1028</sup> TNA FCO 9/2803, Daunt to Jackson, 8 June 1979.

considerations, including doubts about the economic impact of assuming all the obligations of membership.<sup>1029</sup> Politically, it was also considered vital for Gibraltar to secure membership ahead of Spain or risk permanent exclusion. Economically, however, it was recognised that Gibraltar's re-export trade to Spain relied on differences in the price of goods on either side of the frontier, which might end if Spain joined Gibraltar in the EEC. Similarly, at the time of Britain's second attempt in 1967, there were 'no clear-cut' economic arguments for joining the EEC, and it was primarily on 'political grounds', particularly the need to remain close to Britain at a time of increased tension with Spain, that Gibraltar wished to join the EEC.<sup>1030</sup> By the time of Britain's successful accession negotiations between 1970 and 1972, the situation had been dramatically altered by Spain's 1969 decision to close the land frontier. This time officials in Whitehall judged there might be long term political advantages in integrating Gibraltar fully into the EEC (including the customs territory) as, when combined with the terms of Spain's 1970 trade deal with the EEC, it would oblige Spain to reopen the frontier. The prospect of normalising relations, or even some kind of 'settlement of the Gibraltar problem' within the framework of European integration, was considered more important than the Government of Gibraltar's own economic *desiderata*, which pointed in the opposite direction, towards exclusion from the customs union.<sup>1031</sup> Spain's angry reaction to the suggestion it might be forced into lifting the frontier restrictions convinced officials to adopt the alternative 'Heligoland solution'. This u-turn was only possible because Gibraltarian leaders had not been informed of 'the political implications' which lay behind the choice,<sup>1032</sup> and had been

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<sup>1029</sup> TNA CO 852/2053, Vernon to Gorell Barnes, October 1962.

<sup>1030</sup> TNA FCO 20/83, Morrice to Audland: 'Draft Negotiating Brief for Gibraltar', 16 August 1967.

<sup>1031</sup> TNA FCO 42/461, Gibraltar and the UK negotiations for Membership of the European Communities, 11 November 1970.

<sup>1032</sup> TNA FCO 42/461, Secondé to Bendall, 20 November 1970.

told the considerations were 'entirely economic'.<sup>1033</sup> In fact, as this thesis has revealed for the first time, there was a decisive political element which prompted the British government to reconsider. Pursuing the Heligoland option and taking Gibraltar outside the scope of the customs union, guaranteed the continued existence of a 'hard' border with Spain, even when the latter joined the EEC, and hampered subsequent efforts to harness the process of European integration to reach a settlement over Gibraltar.

The beginning of Spain's accession negotiations in February 1979, prompted another reevaluation. This time, officials argued it was in Gibraltar's 'long term interest' to be brought fully inside the EEC ahead of Spain's accession. Not only would this make the existence of frontier restrictions harder to justify, it offered the best prospects in the long run for an improving relationship with Spain.<sup>1034</sup> The case for doing so was 'predominantly a political one'.<sup>1035</sup> But the 'economic cost' of further integration, including the potential loss of import duties, was deemed 'so high as to override the political advantages'.<sup>1036</sup> Once again, this was a fork in the road for Gibraltar with huge implications that were recognised at the time. Instead of European integration breaking down barriers and differences, Gibraltar's future economic prospects would, to a large extent, depend on exploiting the difference in the price of goods on either side of the frontier. As a result, the full re-opening of the border in 1985 did not, as some had hoped, lead to the elimination of barriers between the two communities. On the contrary, the frontier increasingly became the focus for anger and resentment over long delays and queues and the resurgence of cross-border smuggling. Unlike 1970, when Gibraltarian ministers had been kept in the dark

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<sup>1033</sup> TNA FCO 42/461, Minutes of a meeting of Gibraltar Council held at the Convent on Thursday 17 December 1970.

<sup>1034</sup> TNA FCO 9/2803, O'Neill to Gordon, 30 April 1979.

<sup>1035</sup> TNA FCO 9/2803, Daunt to Jackson, 8 June 1979.

<sup>1036</sup> TNA FCO 9/2804, Daunt to Goodenough, 6 August 1979.



about key aspects of the decision, in October 1979 ministers faced with a trade off between long term political gains and short term economic losses, decided it was not worth the risk. Instead of making the leap of faith required to go for full integration, from 1980 onwards an increasing number of Gibraltarians campaigned to extend the territory's existing exemptions into new areas, particularly with regard to free movement, fuelled by fear of an influx of cheap Spanish labour.

Turning to the political effects of European integration within Gibraltar itself, this study has demonstrated the degree to which the European option was embraced as a ready made replacement for Empire in a way that it never was in the UK. In some respects, this is not surprising. Gibraltar was, and is, a small territory on the European continent, over a 1,000 miles from the UK, populated by the descendants of migrants from across the Mediterranean. At several key moments during this period, the idea of a European solution for Gibraltar, proved capable of attracting a broad range of political support. However, it is important to note that attitudes changed and evolved over time, and with them the efficacy of 'Europeanism' as a unifying factor. During Britain's early efforts to join the EEC in the 1960s, support for the European option in Gibraltar was linked to a desire to stay close to the UK, at a time when the British flag was being lowered across the world, and the British government was erecting barriers to the entry of its former colonial subjects. The Integrationist-led government elected in Gibraltar in 1969 pursued the European option with greater fervour than their predecessors because they believed integration with Europe, alongside Britain, might be a practical first step towards their ultimate goal of integration with Britain. Acceptance into the EEC would also permit Gibraltarians to bypass Britain's increasingly stringent immigration legislation, and to regain the right of entry into

the UK, not as 'Commonwealth immigrants' but as 'EEC nationals'.<sup>1037</sup> Wider international recognition of this sort was especially welcome given the frustrations experienced at the UN in the 1960s. The idea that a solution to the difficulties with Spain, and a resolution to the frontier issue, might be found in Europe gained ground during the 1970s and was super-charged by Franco's death and Britain's rejection of further constitutional advances for Gibraltar. After the Hattersley rebuff and the return of democracy to Spain, there was genuine unity amongst the Gibraltarian political class that Europe might provide the answer. The launch of a Gibraltar branch of the European Movement in 1977 was the high water mark for enthusiasm for the European option on the Rock, uniting bitter opponents for what in hindsight appears to have been an all-too-brief moment. Instead, as it became clear Spain's march towards Europe would not lead to the abandonment of its territorial claim or the unilateral lifting of the frontier restrictions, and Britain had wider strategic and economic interests to consider, attitudes in Gibraltar began to harden. Cut off from the rest of Europe by the 'Castiella curtain' a new generation of Gibraltarian politicians emerged which was explicitly nationalist, fearing integration with Europe would amount to absorption by Spain and the dilution or disappearance of Gibraltar's distinctive identity. These fears were not allayed by Spain's repeated failure to honour its 1980 commitment to re-open the frontier, nor Britain's willingness to negotiate Gibraltar's future status. By the time Anglo-Spanish talks culminated in the 1984 Brussels Agreement, the EEC element, present since the process began in Strasbourg in 1977, had come to the fore. As part of that agreement, EEC rights were advanced to Spaniards nearly a year ahead of accession, and a date was fixed for the full re-opening of the frontier. Although it brought an end to the one way flow of cash out of Gibraltar caused by the partial opening in 1982, the Brussels Agreement ended any semblance of political unity on the European question. Indeed the entire House of

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<sup>1037</sup> TNA FCO 42/461, The Effect of British Membership of the EEC on Gibraltarian Movement of Labour into Britain, July 1970.

Assembly, including the vocal GSLP opposition, had been attempting to find ways of mitigating the expected impact of a flood of Spanish workers and businesses entering Gibraltar once Spain joined, while the British government, with Hassan's backing, had been seeking to advance those same rights to Spain ahead of time. In the space of a few years then, the European issue went from one which united most Gibraltarians to a major source of division. Fear of European-led osmosis with Spain; resentment at burdensome EEC obligations over pensions and other directives; frustration at Gibraltar's lack of influence or representation in Europe; Spain's newly acquired veto and Britain's preference for bilateralism, all contributed, I argue, to Bossano's rise to power and the GSLP victory in 1988.

Finally, if we pull back and focus on the wider picture, this thesis has unearthed further evidence to support the idea of a connection between the 'European factor' and the health of Anglo-Spanish relations in this period. Critically, this nearly always had important implications for Gibraltar. Between the signing of the Treaty of Rome in March 1957 and De Gaulle's veto in January 1963, Anglo-Spanish relations enjoyed something of a 'honeymoon'.<sup>1038</sup> This was, to a large extent, predicated on the common ground provided by both countries' tilt towards Europe. Castiella and the technocrats tasked with reforming the Spanish economy needed British support for Spain's candidacy of the OEEC and, after 1959, with Europe split between the EEC Six and the EFTA Seven, it was the latter, which included Britain and Portugal, that held greater appeal in Madrid. Although Anglo-Spanish relations improved, and commercial and diplomatic ties were renewed, to some extent Gibraltar remained a 'special case'.<sup>1039</sup> Indeed there was real anger in Gibraltar at Britain's unqualified support for Spanish membership of the OEEC, without first insisting

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<sup>1038</sup> Sánchez Mantero, 'Castiella y Gibraltar', p.145.

<sup>1039</sup> TNA FO 371/160771, Record of a conversation on the way to Toledo, 29 May 1961.

on a reversal of the restrictions imposed in 1954. This was the first, but by no means the last time suspicions were aroused that Britain would prioritise its own strategic and economic interests over those of Gibraltar. Still, while the common ground provided by these early moves towards Europe existed, some of the 'heat' could be kept out of the Gibraltar issue.<sup>1040</sup> De Gaulle's veto brought an end to the prospect of further enlargement for those countries, like Spain, which had applied in Britain's wake. It is no coincidence then that with both nations' European ambitions 'in the freezer' the period between 1964 and 1969 was amongst the most acrimonious of the entire post-war period, with major ramifications for Gibraltar, which ended the decade cut off from the rest of Europe.<sup>1041</sup> Spain's 1970 trade agreement with the EEC, and Britain's successful entry negotiations, provided the foundation for the '*nuevo clima*' in Anglo-Spanish relations between 1970 and 1973.<sup>1042</sup> Once again, bilateral relations thawed, ministerial visits resumed and diplomats began 'thinking' and 'working together' to find a resolution to the Gibraltar issue. But the situation had been fundamentally altered by the closure of the frontier in 1969 and Britain's commitment not to hand over the Gibraltarians against their wishes; whilst the very idea of a 'European solution' relied on a common vision which was sorely lacking. Nevertheless, once Britain and Gibraltar joined the EEC in 1973, Spain's European aspirations and the degree to which they could, or should, be linked to the lifting of the frontier restrictions, became a central feature of bilateral relations for more than a decade. British attitudes hardened in 1979, once it became clear the new democratic government in Spain would not lift the Franco-era restrictions without getting something in return, despite the legal incompatibility of the measures with EEC membership. The threat of a British veto in Europe was crucial to securing a public commitment from Spain to open the frontier in

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<sup>1040</sup> TNA FO 371/169481, Steering Brief for the Secretary of State's Talk with Señor Fraga, November 1963.

<sup>1041</sup> Labarta, 'Las relaciones Hispano-Británicas', p. 95.

<sup>1042</sup> TNA FCO 9/1124, Russell to Secondé, 22 June 1970.

1980. But while British ministers recognised Spain's progress towards Europe provided the best opportunity to normalise relations and resolve the frontier issue, there was a clear preference for doing this on a bilateral basis and avoiding complications with the UK's Community partners, whose patience had been tested by Britain's first decade in the club. Spain shared this preference for bilateralism, and avoiding the politically embarrassing admission that its frontier restrictions were incompatible with the widely shared goal of EEC membership. Although these bilateral talks and agreements often emerged from the neutral venues provided by European-level meetings, both countries were happy to collude in the fiction that the two issues, talks over Gibraltar and Spain's accession to the EEC, were unrelated. But it was a fiction. Britain had been quietly laying the legal groundwork with the European Commission during the negotiations, and Spain was well aware it would have to lift the frontier restrictions after accession or face infraction proceedings at the ECJ. However, resolving the frontier issue was not Britain's only consideration. It had no desire to complicate an already fraught set of negotiations, and above all wished to see the referendum on Spain's NATO membership go 'the right way'.<sup>1043</sup> The 1984 Brussels Agreement was a bilateral agreement which anticipated Community-wide developments, for example on citizens rights, by almost a year, to the dismay of many Gibraltarians who felt the concessions offered by Britain were unnecessary. Critically, these bilateral agreements extended to a little noticed Exchange of Notes in 1985, in which Spain made it clear it did not regard accession to the EEC as altering its historic position on Gibraltar. This was the precise moment when the dream of a 'European solution' died. Far from accepting Gibraltar's status as a 'European' territory under the UK's own 1972 Act of Accession, Spain placed on record its view that accession to the EEC 'did not involve any alteration' in Spain's position on Gibraltar or the 'bilateral

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<sup>1043</sup> TNA PREM 19/1247, Howe to Thatcher, 19 September 1983.

negotiating process' established in the Brussels Agreement.<sup>1044</sup> If there were doubts about this, Spain's actions during its first two years inside the EEC soon dispensed with them. The 1987 Airport Agreement was further evidence of the bilateral approach favoured by Britain and Spain, and confirmation of a growing suspicion in Gibraltar that British and Spanish interests would increasingly align in the Community, and as a result, Gibraltar might find itself excluded from Europe-wide developments.

This thesis concludes at the end of 1987. There were several reasons for stopping here. In practice, access to original records after this date would have been extremely limited.<sup>1045</sup> Secondly, the end of Hassan and the AACR's period in power marked a significant turning point in Gibraltarian political history, and Bossano's highly idiosyncratic period as Chief Minister from 1988 to 1996 would, I suggest, be worthy of a separate study. Finally, it is clear from the two years covered by this thesis in which Gibraltar, the UK and Spain were together in the EEC, that many of the patterns which would become a recurrent feature of the next 30 years had already been established. The frontier continued to be a source of tension, and inevitably, questions continued to be raised about Gibraltar's partial membership. In fact, not long after assuming office, Bossano commissioned his own study into the question, but despite recognising the potential advantages of bringing Gibraltar inside the customs union, he concluded, as previous administrations had done, that Gibraltar could not afford the resulting drop in government revenue.<sup>1046</sup> In 1997, his successor, Peter Caruana, said he would 'happily contemplate' full participation in the customs union, as this would remove Spain's principal justification for controlling the

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<sup>1044</sup> TNA FCO 9/2147, Morán to Howe, 13 June 1985.

<sup>1045</sup> There are currently 11 files originating from the Prime Minister's Office (PREM) which deal with Gibraltar that are either 'closed' or 'retained' by the Cabinet Office. Collectively they cover the period from April 1984 to June 2001.

<sup>1046</sup> TNA FCO 9/7056, Record of Meeting with Acting Chief Minister, 8 March 1991.

border flow, but nothing came of it.<sup>1047</sup> Similarly, the Government of Gibraltar indicated its willingness to be included within the border-free Schengen Area when this inter-governmental treaty was incorporated into EC law, but the UK chose not to participate and Spain ensured its right to veto Gibraltar's inclusion was enshrined in the 1997 Treaty of Amsterdam.<sup>1048</sup>

Contrary to predictions, after winning the 1988 election, Bossano and the GSLP dropped much of the anti-EEC rhetoric which had marked their rise to power and instead attempted to carve out an independent voice for Gibraltar in Europe and to use EC legislation to Gibraltar's economic advantage, particularly when it came to the finance centre. Bossano's desire for Gibraltar to be treated as a '13th Member State' was in many ways a reaction to the preceding years, marked by the inability to secure Gibraltar's interests or exert influence in Brussels, and exacerbated by a lack of representation in Strasbourg and the growing influence of Spain once it became a member.<sup>1049</sup> Remarkably, the solution as viewed from Gibraltar was rarely 'less Europe', as it was so often in the UK, but the exact opposite. A Gibraltar Association for European Rights was established in 1994, and on 13 May 1997 up to a third of the population took to the streets to demand full European rights. Gibraltarians from across the political spectrum rallied behind the campaign for the right to vote in European parliamentary elections, a battle which eventually succeeded after a legal challenge in the European Court of Human Rights (ECHR) paved the way for participation in the 2004 European elections. All of this was a testament to the strong pull which the European ideal continued to retain in Gibraltar. During the 1990s the idea that Gibraltar might be decolonised by transferring Britain's remaining responsibilities for

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<sup>1047</sup> David White, 'Profile: Peter Caruana, Chief Minister of Gibraltar', *Financial Times*, 24 September 1997.

<sup>1048</sup> House of Commons Library, Research Paper 98/50 'Gibraltar, the United Kingdom and Spain', 22 April 1998

<sup>1049</sup> TNA FCO 9/7633, Madden to Reffell, 16 October 1992.

defence and foreign affairs to the EU and becoming in effect a self-governing EU mini-state was advanced by several political parties and frequently linked to demands for reform of the 1969 constitution which, it was pointed out, took no account of Gibraltar's entry into the EEC a few years later.

Meanwhile, the suspicion that British and Spanish interests would align within the Community, to the possible detriment of Gibraltar, was reinforced when both nations joined forces to oppose Gibraltar's legal right to challenge its exclusion from the air liberalisation package in the European courts. Despite this, and Spain's preference for dealing with Gibraltar bilaterally, it became increasingly obvious that, as one Gibraltarian politician put it, the European stage had become 'the main arena' for 'political scuffles'.<sup>1050</sup> During the three decades when the UK, Spain and Gibraltar were together in the EU, the European institutional and legal framework was to a very large degree unavoidable. On occasion, the European Commission would take Gibraltar to task over its tax regime or failure to implement EU directives, at others times it could be critical of Spain for lengthy delays at the frontier. Likewise court judgements handed down by the ECJ could cut both ways. This sort of situation, with the EU acting as a 'guarantor' of the Gibraltar situation was exactly what Spain had hoped to avoid, preferring the strict bilateralism that had yielded results at Brussels in 1984.<sup>1051</sup> That process was dealt a blow by Bossano's decision to withdraw Gibraltarian cooperation, and his refusal to implement the 1987 Airport Agreement, but it did not prove fatal and Brussels was periodically revived over the years, often at times when Anglo-Spanish relations were deemed in need of a reboot. Most controversially, after the election of a Labour government in 1997, joint sovereignty proposals, along similar

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<sup>1050</sup> Azopardi, *Sovereignty and the stateless nation*, p.105.

<sup>1051</sup> [avalista]

Olivié, 'Gibraltar y la política exterior de la democracia', p.186.



lines to those proposed in the 1970s, were resurrected during a period when Tony Blair was keen to develop relations with José María Aznar's Spain. The overwhelming rejection of the idea by the people of Gibraltar in a 2002 referendum, and Aznar's ejection from power in 2004, led to a brief period of productive 'trilateralism' which was once again ended by a change of government in Spain.

All this came to end with Brexit, when the rulebook which had uneasily governed relations between Gibraltar and Spain since 1986 was ripped up. Brexit was perhaps the ultimate example of an increasing divergence of attitudes towards Europe in the UK and Gibraltar, with 52 per cent of UK voters opting to leave the EU compared to just 4 per cent in Gibraltar. Guidelines issued for the post-Brexit negotiations by the European Council in 2017 confirmed that, in a reversal of the 1977-1986 period, Spain would now have the power to veto the application of any deal to Gibraltar.<sup>1052</sup> Instead, future relations between the EU and Gibraltar would be governed by a separate treaty, a framework for which was agreed on the final day of the transition period. Although any new treaty will, if agreed, be formally concluded between the UK and the EU, Gibraltar could end up with a closer relationship to the EU than the UK, and indeed a closer relationship in some respects to the one it enjoyed as a member. That is because the New Year's Eve agreement envisages the territory forming a common travel area with the Schengen zone and concluding a bespoke customs arrangement with the EU which might, in time, eliminate the need for frontier checks altogether, one of the original aims of a 'European solution'. At the time of writing, such an outcome is by no means certain, and any final deal is likely to involve controversial aspects, not least the fact that as the closest member state, Spain would be responsible for undertaking Schengen controls at Gibraltar's airport and port,

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<sup>1052</sup> The UK-EU Trade and Co-operation Agreement (TCA) was agreed on 24 December 2020 and came into force on 1 May 2021.

reviving memories of the 1987 Airport Agreement. Indeed many of the issues raised by this thesis; the trade off between economic prosperity and wider political considerations; the free flow of people at the frontier; Gibraltar's long term future in an integrated Europe; fear of absorption by Spain; and the vagaries of UK-Spanish relations, look set to remain prominent features of Gibraltarian political discourse for the foreseeable future, with or without a deal.

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