

Preface to the English Language Edition

This book was originally written for a French audience, unfamiliar with the details of recent British political history but interested nonetheless in making sense of what was happening on the other side of the English Channel. I have therefore included more material on recent British events than some readers in the UK may find strictly necessary. As I worked on the manuscript, however, it became clear to me that to tell the story properly, and to explain why the negotiations between the UK and EU have proved so difficult, a recital of British history alone was not enough. The book is therefore just as much about Ireland and the European Union as it is about the turbulent relationship between the UK and Europe: it's about why the EU developed in the way that it did, and is reacting to Brexit in the way that it is. It's about the ways in which the intertwined histories of Britain, Ireland and the rest of Europe are shaping the Brexit negotiations of today, and about the impossibility of predicting what will happen tomorrow.

My hope is thus that British readers, many of whom are already familiar with the work of Hugo Young, Tim Shipman and others, will find a fresh perspective in these pages, and that the book will help other English-speaking readers to

understand where Brexit came from, and why the process of extricating the UK from the European Union has proved so fraught.

I am extremely grateful to Stuart Proffitt for helping me to improve the English-language manuscript in numerous ways. The usual disclaimer applies more than it usually does. I also thank Rebecca Lee, Claire Péligré, Ruth Pietroni, Corina Romonti, Ben Sinyor and everyone at Penguin who helped get this book published so quickly.

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In addition to Gaëlle, I particularly want to thank those who read the manuscript in whole or in part, and provided me with encouragement and invaluable feedback: Graham Brownlow, Rosemary Byrne, Ian Crawford, Zoé Fachan, Henrik Iversen, Declan Kelleher, Dennis Novy, Andrew O'Rourke and Alan Taylor. I am also very grateful to Alex Barker, Steve Broadberry, Fred Calvaire, Gilles Cloître, Tony Connelly, Chris Cook, Nicholas Crafts, Éric Delépine, Peter

* The event can be viewed at <https://www.youtube.com/watch?v=rsgB-8RPDec>.

Foster, Chris Giles, David Allen Green, Mark Harrison, Katy Hayward, Morgan Kelly, Philip Lane, Sam Lowe, Philippe Martin, Jacques Mollard, Ollie Molloy, Simon Nixon, Cormac Ó Gráda, Régine Rigaud, Jan Södersten, Jean-Jacques Tardy, Alan Taylor, Karl Whelan and Fred Wilmot-Smith, all of whom answered questions, provided references, discussed Brexit with me, or helped me in various other ways to write this book. I couldn't have written the book without Rosemary's help and as ever I owe her a tremendous debt of gratitude. She and our four children, Ciara, Joseph, Gabriel and Sophie, have had lively discussions with me about many of the issues discussed in this book, and provided me with constant encouragement and emotional and practical support. All five have my love and thanks. I have learned an enormous amount from almost daily exchanges with Alan and Dennis ever since June 2016, and not only about Brexit, while in addition to reading the manuscript closely Zoé very helpfully summarized the history of the border in the Vallée des Entremonts for me.

A Short History of Brexit was written during a sabbatical year in Dublin and Saint Pierre d'Entremont, a small village in the Chartreuse that the reader will encounter in the text. My time in Dublin was spent visiting the School of Economics in University College Dublin, whose staff have been magnificently generous to me. I am very grateful indeed to Paul Devereux and Karl Whelan for making it happen. A lot of the arguments in this book have been rehearsed in the UCD Common Room: Morgan Kelly, Dave Madden, Cormac Ó Gráda, Oana Peia and Stijn van Weezel bore the brunt of my

opining, although few of my colleagues were entirely spared. It's a real tragedy that the Common Room is being closed by the University administration this winter: a casual act of vandalism that will make UCD duller and less distinctive. It's a lot easier to destroy the social fabric of a community than to build it up from scratch.

I have had the good fortune of being able learn extensively from current and former Irish Permanent Representatives to the EU. It has been a great pleasure to get to know Declan Kelleher, who has taught me a lot, and who along with his colleagues has been doing sterling work for Ireland in Brussels. But my most important intellectual debt is to my father, Andrew O'Rourke, who was Ireland's Permanent Representative in the early 1980s and also served as Secretary General of the Department of Foreign Affairs and Irish Ambassador to Denmark, France and the United Kingdom. He's a modest man and probably won't like me mentioning any of this, but there you are. I have learned a huge amount from him during our walks in Dalkey and Wicklow and look forward to continuing to do so.

Finally, I have benefited greatly from the fact that I am an Irishman who has worked in Oxford since 2011 and also spends a lot of time in France. Being constantly exposed to very different opinions on Brexit has been immensely stimulating, and I am grateful in particular to have had the opportunity to learn about Brexit, and Britain, and British identity, from my British colleagues. When I got the job I presumed that All Souls would be full of accomplished academics, and indeed it is, but I did not anticipate how warm

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and welcoming a community it would prove to be, or how many friends I would make there. Being a fellow of the College has been an extraordinary privilege and it has also been tremendous fun. So I dedicate this book to the fellows and staff of All Souls College, British and foreign, Leavers and Remainers alike.

Saint Pierre d'Entremont

14 September 2018

Author's Note

In writing this book I have reproduced certain passages from 'Why the EU Won' in *Integrating Regions: Asia in Comparative Context*, edited by Miles Kahler and Andrew MacIntyre, 142–69 (Stanford, California: Stanford University Press, 2013); 'The Davos Lie', *Critical Quarterly* 58, no. 1 (2016): 114–18; '1916', *Critical Quarterly* 58, no. 2 (2016): 118–22; 'Brentry', *Critical Quarterly* 58, no. 3 (2016): 118–122; '2016', *Critical Quarterly* 58, no. 4 (2017): 150–55; 'Independent Ireland in Comparative Perspective', *Irish Economic and Social History* 44, no. 1 (2017): 19–45; 'Not So Very Different', *Dublin Review of Books*, January 2017, available at <http://www.drbb.ie/essays/not-so-verydifferent>; and 'Brexit: This Backlash Has Been a Long Time Coming', *Vox.EU* (7 August 2016), available at <https://voxeu.org/article/brexit-backlash-has-been-long-time-coming>. I am very grateful to Miles Kahler, the editors of *Critical Quarterly*, *Irish Economic and Social History* and the *Dublin Review of Books* (Colin MacCabe, Graham Brownlow and Maurice Earls), Stanford University Press, John Wiley and Sons and SAGE Journals, for permission to draw upon my previous work in this manner.

In the later chapters I have wherever possible provided references to sources that are freely available online, so that

the interested reader can if he or she wishes learn more about the EU, Brexit and the Brexit negotiations. To make this easier I have reproduced the endnotes online on the Irish Economy blog, where most of what I have previously written about Brexit first appeared.*

* <http://www.irisheconomy.ie/index.php/2018/12/22/a-short-history-of-brexit>.

List of Acronyms

- AIFTA:** Anglo-Irish Free Trade Agreement
- CAP:** Common Agricultural Policy
- DUP:** Democratic Unionist Party
- EAEC** or **EURATOM:** European Atomic Energy Community
- EC:** European Communities (ECSC, EEC and EURATOM)
- ECSC:** European Coal and Steel Community
- EDC:** European Defence Community
- EDF:** European Development Fund
- EEA:** European Economic Area
- EEC:** European Economic Community
- EFTA:** European Free Trade Association
- EMS:** European Monetary System
- EMU:** European Monetary Union
- EPC:** European Political Community
- EPP:** European People's Party
- ERDF:** European Regional Development Fund
- ERG:** European Research Group
- ERM:** Exchange Rate Mechanism
- EU:** European Union
- FDI:** Foreign direct investment
- GATT:** General Agreement on Tariffs and Trade

GDP: Gross Domestic Product

GNP: Gross National Product

IDA: Industrial Development Authority (Ireland)

IMF: International Monetary Fund

IRA: Irish Republican Army. Can refer either to the IRA of the Irish War of Independence or to the IRA of the Troubles.

MFN: Most favoured nation

NAFTA: North American Free Trade Area

OEEC: Organization for European Economic Co-operation

OECD: Organization for Economic Co-operation and Development

OPEC: Organization of the Petroleum Exporting Countries

NATO: North Atlantic Treaty Organization

UKIP: UK Independence Party

VAT: Value Added Tax

VIES: VAT Information Exchange System

WEU: Western European Union

WTO: World Trade Organization

Introduction

On 2 July 2018 the British Prime Minister Theresa May was preparing for a crucial Cabinet meeting to be held four days later at Chequers, her official country residence. Her hope was that she could persuade the warring factions within her Conservative Party to unite behind a common vision regarding what sort of a future relationship the United Kingdom should have with the European Union. In order to negotiate with others you first have to decide what you want yourself, but this was proving extremely difficult: Brexiteers accused her of betrayal. A backbench MP named Jacob Rees-Mogg warned her in a newspaper article published that morning that unless she stood firm to her promises to leave the EU's Single Market and customs union she risked suffering the fate of the Conservative Prime Minister in 1846, Sir Robert Peel: by adopting free trade in that year Peel had split his party and lost office, and the Conservatives found themselves excluded from power for a generation.

What on earth did that have to do with Brexit? And many commentators immediately explained why Rees-Mogg's historical analogy was deeply flawed. But there was a tradition within the British Conservative Party of reaching for just that analogy. In early 1961, as debate raged about whether or not the

UK should apply to join the European Economic Community, several Conservative MPs fretted that this would undermine Britain's historic links with the countries of the former Empire. The Conservative Prime Minister Harold Macmillan noted in his diary on 19 May that things were 'getting terribly like 1846'.¹

What is going on here?

Brexit did not emerge out of nowhere: it is the culmination of events that have been under way for decades and have historical roots stretching back well beyond that. As we will see, even the history of the nineteenth century has something to tell us about why British attitudes towards Europe evolved in the way they did. But the European Union also has a past that explains why it operates in the way that it does today, and this past naturally shapes the ways in which the Union has responded to the challenges posed by Brexit. And finally there is Ireland, the member state (other than the UK itself) most affected by Brexit and a country where history continues to matter politically. The issue of the Irish border is at the very heart of the current Brexit negotiations. If the UK leaves the EU without a deal because of Ireland, which at the time of writing (August 2019) seems entirely possible, then citizens all over Europe will be affected.

My aim is thus to give readers the historical background they need to understand Brexit. I cannot predict what will happen next, but hopefully this book will provide some understanding of how we got to where we are today, as well as of whatever it is that will happen in the future.

I do not make any great claims to originality: the individual parts of the story are well known. For readers who want to know more I can give no better advice than to read Hugo

Young's *This Blessed Plot* for the backstory; Tim Shipman's *All Out War* on the decision to leave the EU; and Tony Connelly's *Brexit and Ireland* on the negotiations that followed. I have drawn on all three, and on many other authors, in writing the account that follows. But I hope there is some merit in bringing the different parts of the British story together, and even more in telling the story not only of the UK, but of the EU and of Ireland as well. For it is the way in which these three different histories are interacting that is shaping the negotiations currently under way.

It is impossible to write about Brexit completely dispassionately and so it is important to be open about one's potential biases. I was born in Switzerland to an Irish father and a Danish mother and grew up in London, Dublin and Brussels; I live in Ireland, work in England, and am a municipal councillor in Saint Pierre d'Entremont, a small village in France. In other words, I am what you might call a European, and my background inclines me to sympathy with the European project.

At the same time, as an economic historian of globalization and deglobalization I am deeply conscious that international economic integration doesn't benefit everyone, and that I am precisely the sort of person who has tended to do well out of it. As an economist and middle-of-the-road Keynesian, I have been a frequent critic of European Monetary Union in general, and its crisis management since 2008 in particular.* As a citizen I share the concerns about Europe's democratic deficit that were so brilliantly expressed by my late compatriot Peter

* EMU is not particularly relevant to Brexit since the UK was never a member, although it does make a brief appearance in Chapters 8 and 9.

Mair, and I have said so in print.² Perhaps these personal and professional considerations cancel each other out to some extent. But it is the fact that I am Irish that makes it most difficult for me to be dispassionate, since the implications of Brexit for my country are truly alarming. And so I have tried to strike a balance between trying to be objective and saying what I think: how successfully I have done so you will have to judge for yourself.

After a chapter on why it was that Europe developed supranational institutions after the Second World War, and why the UK has traditionally been so hostile to these, successive chapters deal with the ways in which the globalization and imperialism of the nineteenth century continued to influence twentieth-century Britain, and how the UK reacted to post-1945 European integration. The narrative ends with the formation of the Single Market in the 1980s and early 1990s, a largely British achievement that continues to define the European Union today. There is then an Irish interlude, telling the story of how EU membership transformed the Irish economy and played a major role in bringing peace to Northern Ireland: this will hopefully help to clarify why it is that the Irish border has become such a central issue in the Brexit negotiations. I then describe and analyse the British decision in 2016 to leave the EU, and provide an account of the negotiations that followed. The book ends with a brief discussion of the possible futures towards which Brexit may be headed as of today (7 August 2019).

Before examining British attitudes towards Europe it is important to understand why European integration took the form that it did, so that is where I will begin.

The Origins of Supranational Europe

One of the things that Britain has traditionally most disliked about the European Union is its supranational nature. As Theresa May put it in September 2017,

The profound pooling of sovereignty that is a crucial feature of the European Union permits unprecedentedly deep cooperation, which brings benefits. But it also means that when countries are in the minority they must sometimes accept decisions they do not want, even affecting domestic matters with no market implications beyond their borders. And when such decisions are taken, they can be very hard to change. So the British electorate made a choice. They chose the power of domestic democratic control over pooling that control.¹

Ever since the foundation of the European Coal and Steel Community in 1951, European integration has not just involved independent governments cooperating voluntarily. Rather, it has been defined by the creation of supranational political, bureaucratic and judicial institutions such as the European Commission in Brussels, the European Parliament in Brussels and Strasbourg, and the European Court of Justice in Luxembourg. This makes it unusual: other organizations designed

to promote regional cooperation have much less in the way of institutional infrastructure. For example, the North American Free Trade Area (NAFTA) has a Secretariat which is responsible for resolving disputes, with national offices in each of the three countries involved (Canada, Mexico and the United States); a Free Trade Commission which brings together government representatives from the three countries; and a variety of committees and working groups.² That's it. There is no suggestion that the three countries involved are doing anything more than cooperating in a mutually beneficial manner.³ The European Union is very different.

The EU is not a supranational state, but its 28 member states have agreed to pool some (but not all) of their sovereignty in a uniquely structured and institutionalized manner. This has always led to criticism from Eurosceptics, and not only in Britain. Why did European regional integration involve the creation of so many supranational institutions? Why did it not just involve looser intergovernmental structures, as the British traditionally wanted? During the 1950s only a minority of European countries – just six – were willing to go down the supranational route. Most countries, like Britain, favoured intergovernmental cooperation. And yet it was the minority vision that eventually won out: the overwhelming majority of European countries are today members of the EU.

The question of why nearly all European countries eventually decided to join the EU is intimately connected with the creation of the Single Market in the 1980s and early 1990s, and will be considered later in this book. This chapter will discuss some of the reasons why the original six founding member states – the three Benelux countries, France, Germany

and Italy – decided to go down a supranational route in the first place. There are several deep structural factors, relating to European geography, history and economics, which increased the demand for European integration in the aftermath of the Second World War, and which help to explain why the original six founding members thought that this should be expressed in supranational institutions.

The Legacy of War

The first and most obvious reason for European integration is that by the 1950s it was clear that political fragmentation in the continent had become increasingly and unacceptably costly. There are many natural barriers within Europe, such as the Alps, the Pyrenees and the English Channel, which is one of the reasons why would-be conquerors of Europe, since the fall of the Roman Empire, have found it impossible to unify the continent by military means. Many economic historians have argued that this fragmentation was traditionally a source of competitive advantage for the continent.⁴ It made it more difficult for absolutist rulers to suppress dangerous ideas, for a Voltaire could always escape to Geneva. Once there, his ideas were free to circulate elsewhere thanks to a common elite European culture. Even more importantly, perhaps, the political and military competition that fragmentation implied gave Europe an undisputed ‘comparative advantage in violence’. This helps to explain such bizarre episodes in world history as tiny Portugal seizing Brazil and dominating much of Asia’s maritime trade during the sixteenth century – a time when Portugal’s population was not much more than 1.25 million.⁵

By the twentieth century, however, the costs of political fragmentation were becoming unbearable because of the arrival of modern industrial warfare. During the First World War deaths of military personnel amounted to 1.6 per cent of the total population in Britain, 3.4 per cent in France and 3 per cent in Germany. The Second World War was even more destructive since it was no longer concentrated along a more or less static front, and involved very heavy aerial bombardment across the continent. In addition the Nazis directly targeted civilian populations. Total deaths, both military and civilian, were equivalent to 0.7 per cent of the pre-war population in the UK, 1.5 per cent in France and 9 per cent in Germany.⁶

The timing of moves towards greater European unity, and American support for that aim, are thus hardly surprising.⁷ This history also explains the importance of the Franco-German relationship as a driver of European integration. The importance of that relationship can be seen indirectly by comparing Europe with Asia: to a European, the extent to which memories of the Second World War still poison relationships between China, Japan and Korea is disturbing. One could speculate that a *rapprochement* between China and Japan might one day play a catalysing role in the context of East Asian integration, but the contrasts between the post-war Franco-German and Sino-Japanese relationships remain striking.

The contrast between the ways in which the two world wars are remembered in Britain and the continent is also striking. Armistice Day celebrations are an occasion for patriotism everywhere, in France as in Britain, but the day feels very different on the two sides of the English Channel. Sometimes the French complain when Monsieur or Madame le

Maire has to read the speech written for the occasion by some Secretary of State or Minister up in Paris. The eleventh of November is a day for villages to come together and remember their dead: who needs politicians? But on the rare occasions when I've been able to get to Saint Pierre d'Entremont and attend the Armistice ceremonies, the speeches have struck me as being generally pretty good, especially since 2014: pedagogical is the word that immediately comes to mind. Last year, for example, we learned that

The French army was not the only one to sacrifice itself. At the cost of heavy losses the Canadians led the attack at Vimy and the British at Passchendaele, while the Italians were defeated at Caporetto. The United States abandoned isolationism and took the side of the Entente. The arrival of American soldiers changed the balance of power and would contribute to forging the eventual victory . . . Profoundly shaken by two revolutions, Russia signed an armistice with Germany on 15 December.⁸

There is no pretence that France fought alone, even though her losses were particularly heavy.

Yes, the French are rightly proud of their country and its armed forces. But all those names – those familiar names – and all those crosses, in such a small village, leave no one in any doubt about how dreadful war is. And if there is a political message it tends to be pro-European. French Prime Minister Édouard Philippe's words at Compiègne in 2017 are typical:

When you live in Compiègne, or further away, in Belgium, the Netherlands or Germany, to love peace is to love

Europe. Her peoples and cultures, and her diversity of course. It's to love wandering there, studying there, discovering her beauty and history. But it's also to love the political Europe: her freedoms and shared citizenship. It's to love her with her imperfections and failings. Despite her complexity and delays. Yes, if you're European, to love peace is to love Europe: a Europe that reminds us of the eternal values that unite us, and the disasters that we mourn.⁹

The eleventh of November in France is deeply patriotic, but doesn't strike this foreigner as being excessively nationalistic. I am not entirely sure that the same can be said of Britain, and Armistice Day is certainly not seen as an occasion for reminding the British of the need for European integration. As a schoolboy in 1953, William Wallace sang at Queen's Elizabeth's coronation. Now a Baron and member of the House of Lords, he served for the Europhile Liberal Democrats in the 2010–15 coalition government in London. He recalls a memo written for David Cameron, the Prime Minister of the time, warning that 'we must ensure that our commemoration [of the First World War] does not give any support to the myth that European integration was the result of the two World Wars.'¹⁰ If words fail you then I'm afraid I can't help, for they fail me too.

You will hear no mention, and see no sign, of the sacrifices of the French, the Italians, the Russians or the Americans at the Remembrance Sunday ceremony held at the London Cenotaph on the second Sunday of November. This is a strictly British affair, although the High Commissioners of the countries

of the British Commonwealth (the former British Empire) lay wreaths.* Poppies commemorating British soldiers who died in the First World War and subsequent conflicts are ubiquitous in Britain in the week or two leading up to the ceremony. British soldiers, it should be noted, not soldiers or civilians more generally.

Since 2014 the ambassador of Ireland, once a part of the United Kingdom but independent since 1922 and not a member of the Commonwealth, has also laid a wreath. Since the peace process of the 1990s Ireland has increasingly recognized the role played in the Great War by Irishmen like my grandfather. In November 2017 the Irish Taoiseach (Prime Minister), Leo Varadkar, even wore a poppy – embedded within an Irish shamrock – in the Dáil, Ireland’s parliament. In an Irish context his gesture was a rejection of nationalism – Irish nationalism. In Britain, while the dominant tone may be one of traditional patriotism, it would be difficult to describe the symbols and ceremonies associated with 11 November as anti-nationalistic. The legacy of war in most of Europe has been support for European integration. This has not been the case in the United Kingdom.

The Aftermath of the Industrial Revolution: Relative Decline

Europe was the first continent to experience the Industrial Revolution. As such it enjoyed an enormous increase in its relative economic, military and political power, symbolized by the European empires of the nineteenth century.

* The Dutch King and German President participated in 2015 and 2018 respectively.

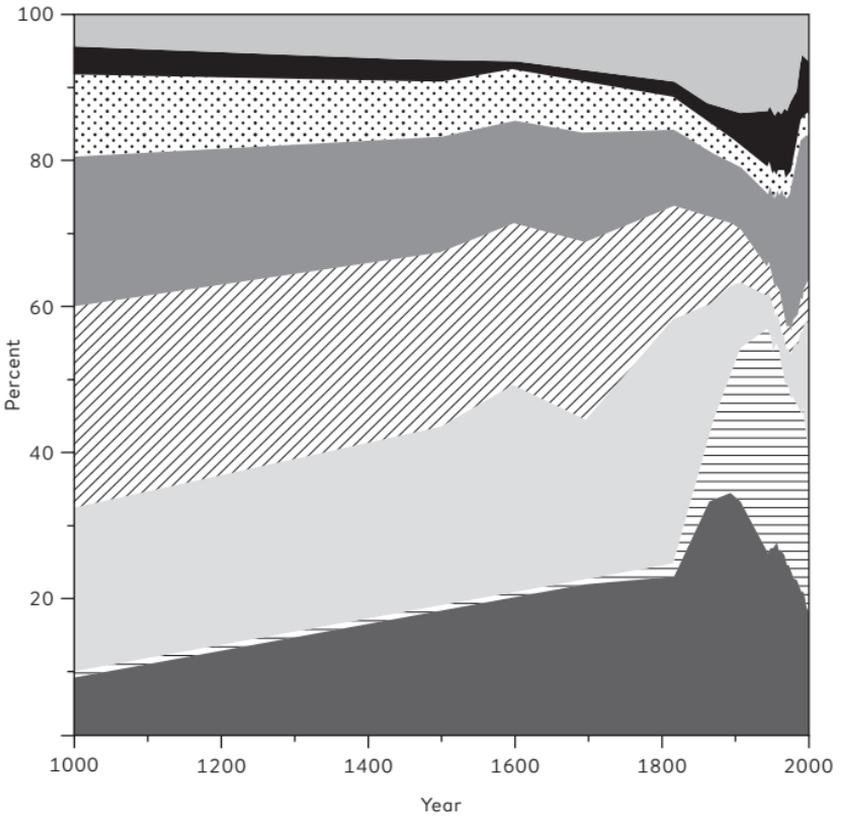


Figure 1.1
Shares of world GDP, 1000–2008



Source: Maddison (2010)

Figure 1.1 tells the story in graphical form. At the start of the second millennium people around the world were (roughly speaking) all equally poor, and so the sizes of different economies depended more than anything else on their populations. China and India had the world's largest populations, then as now, and so they had the largest economies. China accounted for 23 per cent of the world's GDP (or output) in 1000, while India accounted for 28 per cent. Western Europe, in contrast, accounted for just 9 per cent. There followed eight centuries during which Western Europe's share of world output slowly rose: it was slightly more than 20 per cent 800 years later, at the start of the nineteenth century. But then European incomes exploded. Western Europe's share of world output peaked at 34 per cent in 1900, with four 'British offshoots' (Australia, Canada, New Zealand and the United States) accounting for a further 18 per cent. With plenty came power: industrial military technology overwhelmed local resistance across the globe. The share of the Earth's surface controlled by Europeans rose from 37 per cent in 1800 to 84 per cent in 1914.¹¹ And Europe's rise corresponded to the relative decline of the rest of the world: by 1950 India and China both accounted for less than 5 per cent of world output.

In the long run, however, modern industry spread across the globe, and the relative decline of Europe was the inevitable consequence.¹² Europe's primacy was already ending at the beginning of the twentieth century, as the US emerged as the world's largest industrial power. The two world wars hastened the transition from a Western European-dominated world, and by 1945 the two leading military powers were

clearly the US and USSR. Not everyone wanted to admit this: the European colonial powers, in particular, were reluctant to accept their diminished status. In 1942 Winston Churchill famously proclaimed that he had ‘not become the King’s First Minister in order to preside over the liquidation of the British Empire’;¹³ in 1945 a politician from French Guiana, Gaston Monnerville, declared to the Provisional Consultative Assembly in Paris that ‘Without her empire France would only be a liberated country. Thanks to her empire, France is a victorious country.’¹⁴

The years that followed quickly revealed such statements to be delusional. First the Dutch were expelled from Indonesia, while the British left India and Palestine. Then it was the turn of the French in Indochina. Ghana gained its independence from Britain in 1957; by the 1960s the European empires had all but vanished. A key question for European statesmen was then how to avoid being overwhelmed by the Soviet Union and condescended to by the US. Greater unity seemed an obvious solution. Europe’s diminished status was perhaps more obvious, earlier, on the continent than in Britain. France, Germany, Italy and the Benelux countries had all been defeated in one way or another during the war. By contrast the UK had remained undefeated throughout the conflict, and it retained much of its empire during the crucial decade from 1945 to 1955. Perhaps it is not surprising that the need for small and medium-sized European powers to band together in an increasingly dangerous world was not obvious to everyone in London.¹⁵ But in Paris, on 5 July 1957, Maurice Faure, the Minister of State for Foreign Affairs, was clear on the issue when

defending the Treaties of Rome* in the Assemblée Nationale: ‘You see, my dear friends, we still maintain the fiction that there are four Great Powers in the world. Well, there are not four Great Powers, there are only two: America and Russia. There will be a third at the end of the century: China. And it is up to you as to whether or not there will be a fourth: Europe.’¹⁶

The Aftermath of the Industrial Revolution: The Role of the State

Industrialization created a large class of workers that eventually started to demand higher wages, safer working conditions and state-provided social insurance programmes. Meanwhile industrial warfare required the mobilization of large conscript armies, and this gave governments an incentive to supply such demands for reform. If citizens were expected to fight for their countries then the state had to provide them with educational and other public services that would increase their identification with the state and ensure their loyalty.

Late nineteenth-century globalization also led to a demand for state regulation and social insurance policies that could protect workers against the insecurities, real or perceived, associated with open international markets. The late nineteenth and early twentieth centuries thus saw the introduction of a wide range of labour market regulations across Western

* There were two treaties signed in Rome in 1957, one establishing the European Economic Community (EEC) and the other establishing the European Atomic Energy Community (EAEC or EURATOM). These are collectively referred to as the Treaties of Rome. The Treaty of Rome, in the singular, generally refers to the treaty establishing the EEC, and that is how I will use the term later in this book.

Europe, as well as old-age pensions, and sickness and unemployment insurance. Interestingly, these reforms were most widespread in those countries most exposed to the globalization of the period.¹⁷

The two world wars gave a further impetus to the growing involvement of the state in domestic economies and to the development of social welfare systems. The aftermath of the First World War saw a significant extension of the electoral franchise, as well as an increase in the influence of trade unions and socialist parties. In 1942 the British Beveridge Report proposed the creation of a National Health Service, as well as better public housing and social welfare policies.¹⁸ French women were granted the right to vote in 1944. The defeat of Churchill in 1945 and the election of a British Labour government reflected the desire of ordinary workers who had suffered so much during the war to see their lives improve in its wake. Given the experience of the Great Depression, they were hardly going to be willing to ‘leave it to the market’: a push for greater government intervention in the economy was a logical consequence.

These heightened expectations on the part of ordinary people coincided in most of Europe with the widespread feeling that traditional nation states had failed their people – they had failed in providing economic security during the interwar period, and in providing physical security after 1939.¹⁹ The three crucial constituencies that had to be placated were agricultural voters, whose disillusionment had led them to support extremist parties during the interwar period in many countries; workers; and those dependent on the welfare state. The solution was to ensure rising living standards for

the agricultural sector; to provide workers with rising wages and full employment; and to establish modern welfare states.

Accomplishing all three goals required an extension of government intervention in the economy. So did the economic growth strategies pursued by governments after 1945. These relied on high investment facilitated by complex corporatist bargains between capital and labour: the extension of the welfare state was a key part of these bargains.²⁰ As the economic historian Alan Milward says,

in the long run of history there has surely never been a period when national government in Europe has exercised more effective power and more extensive control over its citizens than that since the Second World War, nor one in which its ambitions expanded so rapidly. Its laws, officials, policemen, spies, statisticians, revenue collectors, and social workers have penetrated into a far wider range of human activities than they were earlier able or encouraged to do.²¹

What does all this have to do with the need for supranational European integration?²² On the one hand, the lesson of the interwar period was that European countries needed mixed economies, with governments that were more proactive in ensuring economic security for their citizens. But on the other hand, the interwar period also showed the dangers of protectionism, and the need for Europe-wide free trade if prosperity was to be achieved. The challenge was how to reap the benefits of trade, without undermining the ability of governments to provide that security. During the negotiations that eventually led to the Treaties of Rome, for example, French officials worried that laxer regulations in Germany and other

countries would place French car manufacturers at an unfair disadvantage. The working week had already been lowered to 40 hours in France, while it was still 48 hours in Belgium and Germany. Since workers in France in fact worked as many hours as their colleagues elsewhere, this meant that French employers had to pay more overtime. Similarly, French women enjoyed (in theory) equal pay with men, while women could legally be paid less than men in other countries. The French therefore sought a level playing field, demanding that the new common market should have a standardized working week, standardized rules regarding overtime payments, equal pay for men and women, and similar rules regarding paid holidays.

The Germans resisted standardizing the working week and overtime rules, and in the end there was a compromise: the treaty establishing the European Economic Community (EEC) included a protocol stating that unless overtime hours and rates in other member states had converged to levels similar to those in France, France would be allowed to impose safeguard measures to protect its industries. The treaty also established the principle of equal pay for equal work for men and women, and committed member states to maintaining ‘the existing equivalence between paid holiday schemes’.²³ In the event, the *Trente Glorieuses* and the German *Wirtschaftswunder* intervened:* living standards and social protections increased so rapidly everywhere, and especially in Germany, that the issue was defused. But this did not mean that the

* The *Trente Glorieuses* is how the French refer to the period between 1945 and 1973, which saw Europe’s golden age of economic growth. The German term is *Wirtschaftswunder* or ‘economic miracle’.

issue was unimportant: on the contrary, it was essential that the domestic social welfare systems which underpinned governments' political legitimacy as well as their economic growth strategies not be undermined by the development of Europe-wide free trade. 'The problem genuinely was how to construct a commercial framework which would not endanger the levels of social welfare which had been reached . . . The Treaties of Rome had to be also an external buttress to the welfare state.'²⁴

In short, economic prosperity required trade, but political stability required welfare states. In order to achieve both prosperity and stability a free trade area was not enough: you needed European integration to set a common regulatory framework so as to prevent destructive races to the bottom. In this way Europe would come to the rescue of the European nation state.²⁵ But it did so by establishing the sorts of supranational institutions that many on the other side of the English Channel were allergic to.

Agriculture

A further consequence of Western Europe's precocious industrialization was that it became a large net importer of agricultural goods, something to which European farmers naturally objected. From the mid-nineteenth century onwards steamships and railways lowered the cost of shipping food from the prairies of the New World to the markets of the Old, reducing European prices and agricultural incomes. This 'grain invasion' sparked agricultural protection across much of the continent that would become a permanent feature of the European landscape.²⁶ What the grain invasion failed to achieve,