

The British Power Status and its Impact on European Economic Relations Since 1945

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The sun never sets on the British Empire, and for many Britons, it has not set yet. Indeed, imbued in the British psyche is the sense that Britain is, and was always meant to be, a world leader—after all, it had saved Europe (not once, but twice), and its former empire had become a “voluntary association of independent and equal sovereign states¹,” spanning 53 countries across the world². For better or for worse, Britain has never been content to take a back seat in the affairs of the world.

But British ambition is also its weakness. In this essay, I argue that the UK’s power status (and its desire to maintain it, despite waning dominance in the global sphere) has led to an inconsistent approach in its economic relations with Europe. Ultimately, Britain has paradoxically undercut its own ambitions: caught in an untenable in-between of Europe and the Commonwealth, the UK is now the leader of neither.

My essay will begin with a historical analysis of the UK’s power status in the postwar era, tracing its arc from an imperialist world power to a country overshadowed by new superpowers (the Soviet Union and the United States). I will then argue that this historical analysis accounts for British policy in relation to the European Coal and Steel Community (ECSC) and European Economic Community (EEC) in the 1950’s and 1960’s, as well as the contemporary issue of leaving the European Union (2016 – present). Finally, I will conclude by showing that, in both the postwar decades and the present, lack of decisiveness on European integration has harmed British leadership in the world and reduced the tenability of fragile supranational alliances.

At the heart of British attitudes toward economic policy is a glorification of its economic dominance. Imperial culture had peaked in the Victorian age, bolstered by a sense of pride in industrial prowess and faith in a divine-granted colonial power. It became celebrated visibly in literature (e.g., in the writings of Rudyard Kipling), and influenced aspects of culture from sermons to the Boy Scout Movement³. Strong imperialist sentiment remained after World War II, because Britain saw itself as a victor. It had never succumbed to Fascism or Nazism; it had not been an aggressor; its political system had not been broken. Still the head of its global Commonwealth and bolstered by a special relationship with the United States, Britain “remained very much wedded to its existing political order and to the idea, however illusory this was becoming, of its status as a global power⁴.” Indeed, even as decolonization began to

¹ "Our Charter." Our Charter | The Commonwealth. Accessed May 17, 2019. <http://thecommonwealth.org/our-charter>.

² "Member Countries." Member Countries | The Commonwealth. Accessed May 17, 2019. <http://thecommonwealth.org/member-countries>.

³ Midgley, James, and David Piachaud. *Colonialism and Welfare: Social Policy and the British Imperial Legacy*. (Kansas: Pi Gamma Mu, 2012. Accessed May 17, 2019.

https://books.google.co.uk/books?hl=en&lr=&id=emDWOP7-XvcC&oi=fnd&pg=PA17&dq=British imperialism and perceptions of power&ots=UfE8QLNvU7&sig=6tCSqVZPm_IDH83DRKyR1-FkFc#v=onepage&q&f=false), 22.

⁴ Davis, Richard. "Euro-scepticism and Opposition to British Entry into the EEC, 1955-75." (*Revue Française De Civilisation Britannique* 22, no. 2 (2017). Accessed May 17, 2019. doi:10.4000/rfcb.1364), 11.

whittle away at the massive empire, the British clung onto their global status through an alliance with the United States. “In its twilight, in the 1950s, Britain was still behaving like a Victorian empire...from the time of post-Second World War economic reconstruction, through the Cold War, and into the Middle East and Africa, [the] British imperial endings look like Anglo-US new beginnings⁵.”

Thus, the belief that Britain is, and was always meant to be, a world power is an important historical lens for its economic policy. Britain’s colonial legacy and enduring ambition explains why it prioritized the United States and the Commonwealth over its relationship with Europe—and why European integration remains, to this day, a precarious question.

Britain’s ambitions had inspired its involvement in Western European integration in the first place. Writing to the Cabinet in 1948, Foreign Secretary Ernest Bevin warned of increasing Soviet consolidation and advocated for a united Western Europe in response: “We in Britain can no longer stand outside Europe and insist that our problems and position are quite separate from those of our European neighbours.” Bevin concluded with a strong allusion to Britain’s imperialist values, arguing that leading a united Europe would maintain British dominance: “By giving a spiritual lead now we should be able to carry out our task in a way which will show clearly that we are not subservient to the United States of America or to the Soviet Union⁶.” Here, the United Kingdom positions itself as a country that rivals the US-Soviet superpowers. And because of—or perhaps, in spite of—its waning colonial territory, Britain saw its international alliances as its new claim to fame.

But it soon became evident that the union with Western Europe stood in conflict with Britain’s other ties. Just one year later, Bevin conceded that maintaining Britain’s global power status would at times come at odds with its European obligations. And ultimately, Britain wanted most to preserve its power:

“The principal objective of our policy is to reconcile our position as a world power, as a member of the British Commonwealth, and as a member of the European community. ...We believe that we can effect this reconciliation but that if we are to do so, we cannot accept obligations in relations to Western Europe which would prevent or restrict the implementation of our responsibilities elsewhere⁷.”

This set the stage for the central tension of British economic policy with regard to the European Union: the United Kingdom, in its desire to maintain its position as a dominant world power, hoped to remain tied to the Commonwealth—its colonial legacy—while also leading Western Europe. But its dedication to the former prevented commitment to the latter.

⁵ Midgley and Piachard, *Colonialism and Welfare*, 23.

⁶ United Kingdom. Secretary of State for Foreign Affairs. *Cabinet Memorandum by the Foreign Secretary, E. Bevin, on the Aims of British Foreign Policy*. By Ernest Bevin. London, 1948.

⁷ qtd. in Gavin, Victor. “What Kind of Europe within the Atlantic Community? Britain and the European Defence Community 1950-54”, in Aubourg, Valérie, Gérard Bossuat, and Giles Scott-Smith. *European Community, Atlantic Community*. (Paris: Soleb, 2008).

https://www.academia.edu/9504153/What_kind_of_Europe_within_the_Atlantic_Community_Britain_and_the_European_Defence_Community_1950-54, 141-157), 144.

In the 1950's and 1960's, this tension manifested itself in the political question of whether to join the European Economic Community. In contemporary politics, the same tension manifests in the Brexit referendum and the negotiations in its aftermath, which have been long and contentious precisely because they reflect a longstanding conflict at the core of British identity. Examining the arc of historical negotiations between Britain and Europe reveal that the present Brexit struggle is a far less surprising—and a far more well-trodden path—than what one might initially believe. And the long history of Anglo-European economic relations gives us clear lessons so as not to repeat prior mistakes.

In 1955, the United Kingdom refused to join the European Coal and Steel Community (ECSC)—a predecessor of the European Union. The ECSC called for all the member countries to relinquish control of their coal and steel industries to a supranational authority, a pill that Britain found difficult to swallow. Britain was “a world power at the head of a Commonwealth. If a united Europe was federally organized, Britain feared it could potentially lose the leadership of its Commonwealth and Empire and its freedom of action as a world power⁸.”

Debate about joining the ECSC was contentious from the start. In June 1950, just a month after the plan was unveiled, the Labour Party gave an official statement that rejected it outright. “In every respect,” it declared, “we are closer to our kinsmen in Australia and New Zealand than we are to Europe⁹.” In other words, when it came between capitulating to European rule or remaining at the head of the Commonwealth, the Commonwealth—Britain's colonial network and its claim to dominance—was the first priority.

The Labour Party left power in 1951 without joining the ECSC, and the returning Conservatives, who had hitherto heavily criticized Labour's reluctance in joining Europe, found their stance suddenly softened. In a way, “Churchill had manipulated the European Movement for personal gain while on the opposition benches¹⁰,” and once he was Prime Minister again, he retreated to vague rhetoric and took on a more Eurosceptic stance. This perspective was further bolstered by domestic monetary policy, which emphasized a strong Sterling and attracting extra-European rather than intra-European trade¹¹. By 1955, when the six countries party to the ECSC were hammering out the final stages of the agreement, the United Kingdom's representative, Russell Bretherton, delivered a speech dismissing an integrated European economy as a lost cause and an institution redundant with the OEEC (later the OECD)¹². Thus, Britain cut all ties with the budding community.

The perspective of Britain's supposed strength as a nation and status as the head of the Commonwealth ultimately prevented it from being party to the ECSC. This decision was a momentous one, having set Britain apart as a reluctant European leader—indeed, as reluctant to identify with Europe at all. And even in later years, when the pendulum of sentiment swung back in favor of European integration, this perception never really dissipated. Obvious to British and Europeans alike was one simple fact: the United Kingdom's priority was never with Europe.

⁸ Dunbar, Cameron A. *Walking a Fine Line: Britain, the Commonwealth, and European Integration, 1945-1955*. (Master's thesis, Ohio University, 2017), 69.

⁹ *Ibid.*, 75.

¹⁰ *Ibid.*, 95.

¹¹ *Ibid.*, 129.

¹² *Ibid.*, 134.

In 1961, the question of joining the European market returned to the forefront. By then, the ECSC and other European institutions shared by the six founding members had evolved into the European Economic Community (EEC). A series of domestic crises had pushed the United Kingdom back to the question of European integration. The UK economy was growing noticeably slower than mainland economies such as Germany and France. The 1960's had also begun with a series of balance of payment crises and rising unemployment, which had peaked at 4%. And by November 1967, after struggling to maintain the Sterling's value for the better part of a decade, the government finally gave up and devalued the pound from \$2.80 to \$2.40¹³.

These domestic issues drove Britain to reconsider the path of its now-more successful neighbors on the mainland. Talk of European integration returned. But now, over a decade after the ECSC talks had begun, the rules of the game had already been set—and Britain was no longer its leader.

In particular, Britain's actions had created deep-seated distrust with France. After Britain had summarily left the ECSC negotiations, "France was left disenchanted by the repeated rejection of its proposals for Anglo-French economic co-operation, and disillusioned by the continuously negative attitude being displayed in the UK in any matter relating to the economic integration of Europe¹⁴." When Britain petitioned to join the EEC, then, France vetoed not once, but twice.

De Gaulle of France was a vocal opponent of British entry in the Common Market. Expressing deep skepticism that British culture could ever be compatible with integration, he argued that "the UK would require a radical transformation if it were ever to be allowed to join the Common Market¹⁵." Ultimately, Britain would not join the Common Market until 1973, after De Gaulle's death¹⁶.

The French opposition to British entry is symbolic of a shift in power. No longer was Britain the Western European leader, having honorably rescued its fellow Europeans from two World Wars. No longer was Britain the industrial and imperial hegemon of its Victorian days, head of the established political order. Precisely because Great Britain saw itself—and subsequently prioritized its role—as a world leader, it had paradoxically lost its position of leadership within Europe. In declining membership to the ECSC, Britain had set a precedent of passivity in European integration.¹⁷

Fast forward four decades. The historical details here are beyond the scope of this paper, but European integration remained a bitter debate. Margaret Thatcher famously

¹³ Cairncross, Alec. *The British Economy since 1945: Economic Policy and Performance, 1945-1995*. (Oxford, UK: B. Blackwell, 1992) 134

¹⁴ Dell, Edmund. *The Schuman Plan and the British Abdication of Leadership in Europe*. (Oxford: Oxford Univ. Press, 2004.

https://books.google.co.uk/books/about/The_Schuman_Plan_and_the_British_Abdicat.html?id=us6DpQrcaVEC&printsec=frontcover&source=kp_read_button&redir_esc=y#v=onepage&q&f=false

), 36.

¹⁵ Connolly, Kevin. "How French 'Non' Blocked UK in Europe." BBC News. December 02, 2017. Accessed May 17, 2019. <https://www.bbc.co.uk/news/world-europe-42165383>.

¹⁶ "Timeline of Key EU Events." Politics.co.uk. June 09, 2011. Accessed May 17, 2019.

<http://www.politics.co.uk/reference/political-guides-eu-history-timeline-of-key-eu-events-politi>.

¹⁷ Dunbar, *Walking a Fine Line*, 66.

questioned the European Community's direction in her 1988 Bruges Speech. Inherent in her concern of a "European super-state" were the same fears of her predecessors—the same fears that led to Brexit in 2016¹⁸.

The Brexit referendum no longer seems altogether surprising when we see that Britain's struggle with belonging in Europe dates to the early postwar period and continues to the present day. The question of Europe versus the Commonwealth is still a core aspect of the Brexit debate, where pro-Brexit advocates argue that "[w]e can seek both a limited customs union with the EU...plus a series of bilateral deals [with the Commonwealth]"¹⁹. One Conservative member of the House of Lords provides a modern-day echo of the 1950's discomfort about European control, claiming that EU economic policies had cost the UK £82 billion. In a reversal of the 1960's—whereby Britain ran to Europe because its economy was underperforming Europe's—he claims that Britain now ought to leave because "the UK economy has outperformed all the major EU economies including Germany."²⁰

For those familiar with history, it should also be unsurprising that British politicians continue to emphasize their closeness with Commonwealth kinsmen. In words that deeply echo the Labour Party's June 1950 statement, Boris Johnson wrote in 2013 of creating a "bilateral free labour mobility zone" between Australia and the UK, because "we British are more deeply connected with the Australians – culturally and emotionally – than with any other country on earth"²¹.

But evidence shows that the British relationship with the Commonwealth has been waning since 1948. Despite the British claim of global leadership through the association, many people who live in the Commonwealth's constituent countries have never heard of it²². From 1948 to 2011, total trade with the Commonwealth dropped steadily (from 40% to 10%)—and was already falling when Britain joined the Common Market²³. Meanwhile, the EU and Britain have been increasingly economically integrated; today, EU trade accounts for 44% of British imports and exports²⁴, but Commonwealth trade accounts for only 8.4%²⁵.

Framed with this historical lens, Brexit is a continuation of a longstanding British dilemma, pitting its global leadership of the Commonwealth against its regional responsibilities to Europe. It also embodies a longstanding British mistake. By waffling on the question of

¹⁸ Willetts, David. "How Thatcher's Bruges Speech Put Britain on the Road to Brexit." *Financial Times*. August 31, 2018. Accessed May 19, 2019. <https://www.ft.com/content/0b0afe92-ac40-11e8-8253-48106866cd8a>.

¹⁹ Renison, Allie, and Peter Mandelson. "Can the Commonwealth Provide Britain's Trading Future?" *Financial Times*. April 15, 2018. Accessed May 17, 2019. <https://www.ft.com/content/8aa19c96-3e3c-11e8-bcc8-cebcb81f1f90>.

²⁰ Lilley, Peter. "EU Economic Policy Has Held the UK Back and Cost Us £82 Billion over Two Decades." *BrexitCentral*. March 05, 2019. Accessed May 17, 2019. <https://brexitcentral.com/eu-economic-policy-held-uk-back-cost-us-82-million-two-decades/>.

²¹ qtd. in Jack, Ian. "Britain Sees the Commonwealth as Its Trading Empire. It Is Sadly Deluded." *The Guardian*. April 07, 2018. Accessed May 17, 2019. <https://www.theguardian.com/commentisfree/2018/apr/07/britain-commonwealth-trading-empire-brexit-eu-trade>.

²² Ibid.

²³ United Kingdom. House of Commons Library. *UK - Commonwealth Trade Statistics*. By Grahame Allen. 2012.

²⁴ Sampson, Thomas. "Brexit: The Economics of International Disintegration." (*Journal of Economic Perspectives* 31, no. 4 (Fall 2017): 163-84. Accessed May 17, 2019. doi:10.1257/jep.31.4.163), 167.

²⁵ United Kingdom. House of Commons Library. *Statistics on UK Trade with the Commonwealth*. By Matthew Ward. 2019.

European integration, Britain has destabilized not only its own position of leadership but also European institutions as a whole.

We need only look to history to see that Britain's indecisiveness has harmed—and will harm—its leadership. In 1955, Britain walked away from the European Coal and Steel Community, laying the groundwork for mistrust that led to two eventual French vetoes. In 2016, Britain walked away from Europe again, marking the second time in history that the United Kingdom has abandoned its mainland associates at the negotiating table.

This time, Britain's abandonment comes in an era when many are questioning the effectiveness of supranational organizations, and the once-common existential fear of war has become a distant memory. Though a detailed unpacking of political consequences is beyond the scope of this essay, many worry that a successful Brexit bodes ill for a fragile European Union. In particular, the Brexit vote came just months after February 2016, when then-Prime Minister David Cameron pushed for a series of EU reforms. The final agreement held that the UK was exempt from further economic integration with Europe²⁶. Yet later that year, the UK left regardless. The move may signal to growing waves of Euroscepticism that leaving is superior to negotiation, and—especially if the British economy performs well after it finally exits—create a “template” for exiting the Union. France, which, like Britain, has its own legacy of colonialism²⁷, has repeatedly polled in favor of a referendum, despite pro-EU Macron's victory in 2017. And a “lost generation” of Italian, Portuguese, and Greek youth associate European Union membership with austerity measures and crippling depression²⁸.

Britain had always wanted to be a world leader. Yet in its long struggle to choose between its Commonwealth and European responsibilities, it has shown itself to be the very opposite.

²⁶ Day, Kate, Vince Chadwick, Tara Palmeri, and Tim Ball. "David Cameron's EU Reform Deal Scorecard." POLITICO. May 18, 2016. Accessed May 17, 2019. <https://www.politico.eu/article/david-cameron-eu-reform-deal-scorecard-brexiteu-referendum-agreement/>.

²⁷ "French Empire." French Empire - New World Encyclopedia. Accessed May 17, 2019. http://www.newworldencyclopedia.org/entry/French_Empire.

²⁸ McBride, James. "What Brexit Means." Council on Foreign Relations. January 16, 2019. Accessed May 17, 2019. <https://www.cfr.org/backgrounder/what-brexiteu-means>.

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