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978-0-521-88811-0 - British Business in the Formative Years of European Integration, 1945-1973

Neil Rollings

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Introduction

In March 1957, six countries – Belgium, France, West Germany, Italy, Luxemburg, and the Netherlands – signed the Treaty of Rome that created the European Community (EC).¹ Half a century later, the European Union (EU), as it is now known, consisting of twenty-seven countries with a total population of more than 450 million, covers Central and Eastern Europe as well as Western Europe and is likely to grow even larger in the near future. In 2004, if one includes intra-EU trade, the then twenty-five-member EU constituted 42 percent of the world’s merchandise exports and 52 percent of the world’s commercial services exports. It is no understatement to say that European integration has changed the lives of millions of people, and not just those in Europe. It is the largest trading partner for many nations in the world, including the newly industrialized economies of China and India, and is the source of half of the foreign profits of corporate America.² Indeed, it is popularly presented as a competitor or alternative model to the United States.³ That it is common to refer to “Europe” in this context as a single entity well illustrates the impact of European integration. There are many regional free trade areas in the world today, but none have taken the extra step of creating supranational institutions to which national governments have handed over sovereignty, as has happened in the EC.

Few would have envisaged this future in the early 1950s when the Six, as the group of the six member states was commonly known, originally came together to sign the Treaty of Paris in 1951, which created the European Coal

¹ For the purposes of consistency and simplicity the term European Community (EC) is used wherever feasible throughout this book. Technically, there were three European Communities until 1967. These were the European Coal and Steel Community (ECSC); the European Economic Community (EEC), which was also often called the Common Market; and Euratom. The European Union (EU) came into existence in the early 1990s with the ratification of the Treaty of European Union.

² Dieter Zetsche, president and CEO, Chrysler Group, “Managing the Global Firm: Lessons of a Transatlantic Merger,” talk at the University of Michigan, 8 March 2005.

³ T. R. Reid, *The United States of Europe: The New Superpower and the End of American Hegemony* (London: Penguin, 2004); Jeremy Rifkin, *The European Dream: How Europe’s Vision of the Future is Quietly Eclipsing the American Dream* (Cambridge: Polity, 2004); Rockwell Schnabel, *The Next Superpower? The Rise of Europe and Its Challenge to the United States* (Lanham, MD: Rowman & Littlefield, 2005).

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and Steel Community (ECSC), the forerunner of the European Community. Its novelty, therefore, stands out and has provoked debate about what wider lessons can be learned about regional integration given the uniqueness of the experiment. Nor has the history of European integration been straightforward and predictable. Many explanations and theories of European integration have been developed only for events to highlight their flaws.⁴ These aspects alone make the history of European integration a fascinating subject. There is much more than this to the subject. Its development has posed all sorts of questions about issues that normally are taken for granted: It offers an alternative lens to provide new insights on topics across the social science and historical disciplines and, as a result, it has been a fertile area for new theoretical advances in the social sciences.⁵ It is a boom subject on both sides of the Atlantic, and a vast and ever-growing literature on the subject has emerged, with many disciplines – economics, politics, legal studies, sociology, social anthropology, geography, and history among others – offering their insights on the course of European integration.⁶

HISTORIOGRAPHY

Despite this plethora of approaches, in many respects the study of European integration remains disappointing and unfulfilled. Much work remains discipline specific or at best multidisciplinary and there is a tendency for these disciplines to talk past each other. Yet, on paper at least, the study of European integration is admirably suited for truly interdisciplinary analysis.⁷ In part this problem goes back to the roots of the subject when there was a very clear divide between the economic and political aspects of European integration. Few would deny that European integration is both an economic process *and* a political process.⁸ Yet the two are often separated for theoretical clarity. Thus, market integration has its roots in the economic theory of international trade, while the origins of the theory of political integration lie in the study of international relations. More than twenty-five years ago, this

⁴ Alan S. Milward, *The European Rescue of the Nation-State* (London: Routledge, 2nd edn., 2000), 1–20; Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (London: UCL Press, 1999), 18–85.

⁵ Michelle Cini and Angela Bourne (eds.), *Palgrave Advances in European Union Studies* (Basingstoke: Palgrave, 2006); and Antje Wiener and Thomas Dietz (eds.), *Theories of European Integration: Past, Present and Future* (Oxford: Oxford University Press, 2003).

⁶ John T. S. Keeler, “Mapping EU Studies: The Evolution from Boutique to Boom Field 1960–2001,” *Journal of Common Market Studies*, Vol. 43, No. 3 (2005) 551–82.

⁷ Angela Bourne and Michelle Cini, “Introduction: Defining Boundaries and Identifying Trends in European Union Studies,” in Cini and Bourne (eds.), *Palgrave Advances*, 7; and Erik Jones and Amy Verdun, “Introduction,” in Erik Jones and Amy Verdun (eds.), *The Political Economy of European Integration: Theory and Analysis* (London: Routledge, 2005), 3.

⁸ Amy Verdun, “Political Economy and European Integration,” in Cini and Bourne (eds.), *Palgrave Advances*, 175–89.

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point was made in relation to market integration and political integration: These two forms of integration interact with each other and in many ways are interdependent but are still often studied in isolation from one another.⁹ Indeed, to magnify the difference, market integration is associated with what is often referred to as negative integration, that is, the removal of barriers to trade, while political integration is presented as positive integration in the form of harmonization or common policies.¹⁰ To the extent that there is a link acknowledged it is often in the form of presenting economic processes and economic issues – the customs union, the single market initiative, and economic and monetary union are cases – as means to political ends.

Another feature of the existing literature is the focus on the nation-state. In many ways, it is inevitable and understandable that the nation-state is the key unit of analysis and the key actor in European integration studies. However, making the nation-state the center of attention does have important consequences. There has been a tendency for nonstate actors to be marginalized in mainstream accounts of European integration, although there are some signs that this is changing.¹¹ Explicitly assumed away or just ignored, actors like businesses are usually accorded a secondary supporting role or, if given greater prominence, attention does not move beyond consideration of the elite peak of business representatives. This book takes a different perspective by making business the key point of analysis. What are the justifications for taking this different approach? First, approaching subjects with different perspectives illuminates aspects of the subject that otherwise remain in the dark. Although it is common to refer to European integration as a process, most work is only interested in the process as it most directly affects the formal political outcomes. Thus, the wider economic and social forces of integration remain in the background. This “hidden integration” is nevertheless part of the broad process of European integration.¹² Business plays an important role in this process via corporate strategy: The strategies that firms adopt

⁹ J. Pelkmans, “Economic Theories of Integration Revisited,” *Journal of Common Market Studies*, Vol. 18, No. 4 (1980), 333–54.

¹⁰ For a focus on the market-freeing nature of European integration see J. Gillingham, *European Integration 1950–2003: Superstate or New Market Economy?* (Cambridge: Cambridge University Press, 2003). See also Éric Bussière, Michel Dumoulin and Sylvain Schirmann (eds.), *Europe Organisée, Europe du Libre-échange? Fin XIXe Siècle – Années 1960* (Brussels: P.I.E. Peter Lang, 2006).

¹¹ Maria Green Cowles, “Non-state Actors and False Dichotomies: Reviewing IR/IPE Approaches to European Integration,” in Jones and Verdun (eds.), *Political Economy*, 25–38; Wolfram Kaiser and Peter Starie (eds.), *Transnational European Union: Towards a Common Political Space* (Abingdon: Routledge, 2005); and Neil Rollings and Matthias Kipping, “Private Transnational Governance in the Heyday of the Nation-State: The Council of European Industrial Federations (CEIF),” *Economic History Review*, Vol. 61 (2008), forthcoming.

¹² Thomas Misa and Johan Schot, “Inventing Europe: Technology and the Hidden Integration of Europe,” *History and Technology*, Vol. 21, No. 1 (2005), 1–19; and Jytte Klausen and Louise Tilly, “European Integration in a Social and Historical Perspective,” in Jytte Klausen

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impact upon European integration at the political level.¹³ The single market program of the 1980s is a prime example of this. This marked a renewed effort to create a single market in the EC as part of a relaunching of European integration. It was quickly recognized that however successful the removal of barriers was, the very success of the initiative in terms of improving growth performance and the competitiveness of European business was dependent on the response of business to the opportunities and threats created by the legislation.¹⁴ The European Commission regarded it as sufficiently important to carry out its own research as part of the assessment of the “costs of non-Europe,” that is, of not establishing a single market. The third volume of the sixteen-volume study consisted of the results of a questionnaire of European business on their expectations and intentions in the light of the single market initiative, to which 11,000 firms responded.¹⁵ Further work followed on the effect of the single market at the sectoral level, and in 1996, a retrospective survey to test business perceptions of the impact of the single market program was also undertaken.¹⁶ The extent of such efforts is some indication of the recognition of the intertwined, interdependent, and coterminous relationship between business strategy and policy in the context of European integration. In the 1960s, Charles Kindleberger made clear the importance of business in this sense: “If European integration is really to be achieved, there must develop European corporations.”¹⁷

Business can also play a role in the initiation of political integration. Again, the single market program provides a good case study. The role of business

and Louise Tilly (eds.), *European Integration in Social and Historical Perspective: 1850 to the Present* (Lanham, MD: Rowman and Littlefield, 1997), 3–21.

¹³ On corporate responses to European integration see Geoffrey Jones and Peter Miskell, “European Integration and Corporate Restructuring: The Strategy of Unilever 1957–1990,” *Economic History Review*, Vol. 58, No. 1 (2005), 113–30.

¹⁴ Pierre Buiges and Alexis Jacquemin, “Strategies of Firms and Structural Environments in the Large Internal Market,” *Journal of Common Market Studies*, Vol. 28, No. 1 (1989), 53–67; Andrew Pettigrew and Richard Whipp, “Managing Change and Corporate Performance,” in Karel Cool, Damien Neven and Ingo Walter (eds.), *European Industrial Restructuring in the 1990s* (Basingstoke: Macmillan, 1992), 227–65; Alexis Jacquemin and D. Wright, “Corporate Strategies and European Challenges Post 1992,” in Simon Bulmer and Andrew Scott (eds.), *Economic and Political Integration in Europe: Internal Dynamics and Global Context* (Oxford: Blackwell, 1994), 219–31; and A. Millington and Bryan Bayliss, “Corporate Integration and Market Liberalisation in the EU,” *European Management Journal*, Vol. 14, No. 2 (1996), 139–50.

¹⁵ G. Nerb, *The Completion of the Internal Market: A Survey of European Industry’s Perception of the Likely Effects* (Luxemburg: CEC, 1988).

¹⁶ Pierre Buiges, F. Ilkovitz, and J. F. Lebrun, “The Impact of the Internal Market by Industrial Sector: The Challenge for the Member States,” *European Economy* (special edition, 1990); and Commission of the EC, *The Single Market Review: Results of the Business Survey* (Luxemburg: CEC, 1997).

¹⁷ C. Kindleberger, “European Integration and the International Corporation,” *Columbia Journal of World Business*, Vol. 1, No. 1 (1966), 68.

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has been disputed but all parties to this debate agree that business attitudes played some role in the creation of policy.¹⁸ At a bare minimum, the idea of the single market was swimming with the tide of European business opinion and many go much further.¹⁹ Studying European integration from the perspective of business provides a bridge between these wider economic and societal forces and the more specific political pressures relating to European integration. It also allows one to see the ways in which European integration impacted upon society and the economy.

Although the current literature focuses on the nation-state as the key actor, the role of business is considered, if sometimes in a rather perfunctory manner. With a few notable exceptions, the same cannot be said of the existing historiography. As Alan Milward, probably the most influential historian of European integration and the official historian of Britain's applications to join the Community, has noted in exasperation, "Virtually every book that exists about the history of the European Community is to all intents and purposes a history of diplomacy."²⁰ Discussions and correspondence between a small group of politicians and civil servants form the underlying basis of these accounts.²¹ The two most important exceptions to this trend are Milward and Moravcsik, both of whom play up the significance of economic considerations more than hitherto. Moravcsik, indeed, goes further, stressing the role of commercial advantage as crucial. Business, therefore, is a cardinal element in his account: "Pressure from economic interest groups generally imposed tighter constraints on policy than did security concerns and the ideological visions of politicians and public opinion."²² However, both focus on the role of the nation-state and their consideration of business remains a secondary concern and, despite his emphasis of business, Moravcsik does not go beyond existing accounts of peak-level associations.

To be fair, when business has been studied in relation to European integration it has tended to focus on the peak-level representative organiza-

¹⁸ W. Sandholtz and J. Zysman, "Recasting the European Bargain," *World Politics*, Vol. 42, No. 1 (1989), 95–128; Andrew Moravcsik, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community," *International Organization*, Vol. 45, No. 1 (1991), 19–56; and Maria Green Cowles, "Setting the Agenda for a New Europe: The ERT and EC 1992," *Journal of Common Market Studies*, Vol. 33, No. 4 (1995), 501–26.

¹⁹ D. G. Mayes, "Introduction," in D. G. Mayes (ed.), *The European Challenge: Industry's Response to the 1992 Programme* (London: Harvester Wheatsheaf, 1991), 16; and A. Silbertson and C. P. Raymond, *The Changing Industrial Map of Europe* (Basingstoke: Macmillan, 1996), 181–2.

²⁰ Milward, *European Rescue*, x–xi; similarly, Alan S. Milward, *Politics and Economics in the History of the European Union* (Abingdon: Routledge, 2005), x.

²¹ Laurence Badel, Stanislas Jeannesson and Piers Ludlow (eds.), *Les Administrations Nationales et la Construction Européenne* (Brussels: P.I.E. Peter Lang, 2005).

²² Moravcsik, *Choice for Europe*, 7.

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tions, in particular the main national federations.²³ There is a need to go below the peak-level organizations because relationships between business and government were multilayered and complex and often, as will be shown in this book, the peak-level associations' views were not always representative of wider business opinion. This is certainly the accepted view of business–government relations in Britain: “In order to understand the nature and scope of business political activity in Britain the focus must be at the firm level, as well as at the industry level or the business-wide peak organization level.”²⁴ Others have found that it is misleading to depict these relations in Britain in any general way and certainly to focus on the relationship of government–peak-level organizations was unrepresentative.²⁵ Rather, there was a diverse range of relationships at the micro- and meso-levels between government and industry as well as at the peak level.²⁶

This has not been a problem for the historiography on Britain and European integration, which has been even more dominated by diplomatic historians than on the continent. Jacqueline Tratt's study of the Macmillan government's move toward the first application to join the EC in 1961 is a prime example of the genre. Having asserted on the first page that the reasons for Britain's application for EC membership in 1961 were political/strategic she continues, “it was the impact of particular civil service personalities that directly affected the development of policy.”²⁷ Later she dismisses pressure group politics out of hand:

Since the advent of what has become known as pressure or interest group politics it has been all too easy to characterise the development of government policy in terms of government sensitivity to the demands and activities of such groups even though the demands of these groups have their roots as often or not in the changes that were already calling forth a response from government.²⁸

²³ Michel Dumoulin, René Girault and Gilbert Trausch (eds.), *L'Europe du Patronat: de la Guerre Froide aux Années Soixante* (Berne: Peter Lang, 1993); and T. Rhenisch, *Europäische Integration und Industrielles Interesse: die Deutsche Industrie und die Gründung der Europäischen Wirtschaftsgemeinschaft* (Stuttgart: Steiner Verlag, 1999).

²⁴ Neil Mitchell, *The Conspicuous Corporation: Business, Public Policy and Representative Democracy* (Ann Arbor: University of Michigan Press, 1997), 110.

²⁵ Andrew Gamble, “The New Political Economy,” *Political Studies*, Vol. 43, No. 3 (1995), 516–30; Martin Smith, *Pressure, Power and Policy* (Hemel Hempstead: Harvester Wheatsheaf, 1993), 233.

²⁶ S. Wilks, “Government–Industry Relations: Progress and Findings of the ESRC Research Initiative,” *Public Administration*, Vol. 67, No. 3 (1989), 329–39; and S. Wilks and Maurice Wright (eds.), *Comparative Government–Industry Relations: Western Europe, United States and Japan* (Oxford: Clarendon Press, 1987).

²⁷ Jacqueline Tratt, *The Macmillan Government and Europe: A Study in the Process of Policy Development* (Basingstoke: Macmillan, 1996), 4.

²⁸ *Ibid.*, 43.

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Similarly, Daddow's study of the historiography on Britain and Europe refers to the recent opening out of the subject, by which he means the increasing use of the papers of the economic departments of government as well as the Foreign Office.²⁹ That British business and European integration remains an underresearched area is shown by the way in which historians use Robert Lieber's 1970 account of the subject as their main source.³⁰ The first task of this book is to update Lieber's account as an initial step toward addressing this gap in the historiography. It also extends the analysis of British business, as Lieber's study again does not go below the peak-level organizations.

BRITAIN AND EUROPE

Britain's position in the development of European integration has also been particularly striking.³¹ Britain declined to participate in the discussions about the Schuman Plan in 1950 from which the European Coal and Steel Community emerged. It similarly declined to join the European Community in the mid-1950s but was sufficiently worried to make alternative (later supplementary) proposals for a free trade area covering most of Western Europe. This differed from the EC in being limited to industrial goods and did not include a common external tariff in order to maintain the preferential trading relationship with the Commonwealth. When these proposals failed, Britain formed the European Free Trade Association (EFTA) consisting of Britain and six other countries, which for various reasons were also unwilling to join the EC. Yet only two years later, in 1961, Britain opened negotiations about applying for membership of the EC only to be knocked back by General de Gaulle's veto in January 1963. The French President repeated his veto when Britain applied again in 1967; it was only after his fall from power that Britain was finally able to join the EC in 1973, the same time as Denmark and Ireland became members. This was not the end of the story. Only two years after joining, a new Labour government called a referendum on EC membership and thereafter Britain's relationship with its other member states and the EC Commission has not been easy.

Often characterized as "reluctant Europeans" or "grudging Europeans" Britain has famously been described as "an awkward partner" in Europe, such has been its ambivalence to European integration.³² Enthusiasts for

²⁹ Oliver Daddow, *Britain and Europe since 1945: Historiographical Perspectives on Integration* (Manchester: Manchester University Press, 2004), 164–9.

³⁰ Robert Lieber, *British Politics and European Unity: Parties, Elites and Pressure Groups* (Berkeley: University of California Press, 1970).

³¹ Recent textbooks include D. Gowland and A. Turner, *Reluctant Europeans: Britain and European Integration 1945–1998* (Harlow: Longman, 2000); and J. W. Young, *Britain and European Unity 1945–1999* (Basingstoke: Macmillan, 2nd edn., 2000).

³² Gowland and Turner, *Reluctant Europeans*; Roger Jowell and James Spence, *The Grudging Europeans: A Study of British Attitudes towards the EEC* (London: Social

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European integration point to Britain's postwar history as one of missed opportunities, particularly in rejecting the initial steps toward European integration in the 1950s. As Prime Minister Tony Blair put it in 2001: "The tragedy for British politics – for Britain – has been that politicians of both parties have consistently failed, not just in the 1950s but on up to the present day, to appreciate the emerging reality of European integration. And in doing so, they have failed Britain's interests."³³

In contrast, Hugh Gaitskell, the Labour Party leader in the early 1960s, referred to Britain's first application to join the EC as "the end of one thousand years of history," continuing, "How can one seriously suppose if the mother country, the centre of the Commonwealth, is a province of Europe, which is what federation means, it could continue to exist as the mother country of a series of independent nations?"³⁴ In part rhetoric to appeal to a party conference, this claim nonetheless highlights the historical magnitude of the change that involvement in European integration entailed. Britain had traditionally had a worldwide perspective based on its global empire built up through the course of the eighteenth and nineteenth centuries. Britain traded and invested around the world at that time, and reflecting its economic dominance in the world, moved away from mercantilism toward free trade during the nineteenth century. Although the figure was declining, Britain was still responsible for over 30 percent of internationally traded manufactures in 1913.³⁵ However, its export sales were becoming increasingly focused on markets in the British Empire, a trend which was only exacerbated by the First World War and the Great Depression. With the contraction in world trade and growth of protection in the other industrialized nations, Britain also turned its back on free trade. Protection of strategic industries had been introduced during the war, but in 1931, it was extended and then made general by the 1932 Import Duties Act which imposed an import duty on manufactured goods of 10 percent, soon increased to 20 percent, but which gave preferential treatment to imports from the Empire. The Ottawa Agreement that summer put in place the system of Imperial Preference whereby imports from the Empire were given preference in Britain in return for

and Community Planning Research, 1975); and S. George, *An Awkward Partner: Britain in the European Community* (Oxford: Oxford University Press, various editions).

³³ Tony Blair, 23 November 2001 on opening the European Research Institute, University of Birmingham, <http://www.eri.bham.ac.uk/eriopening.htm> [accessed 15 June 2003].

³⁴ Quoted in Hugo Young, *This Blessed Plot: Britain and Europe from Churchill to Blair* (London: Macmillan, 1998), 163.

³⁵ Knick Harley, "Trade, 1870–1939: From Globalisation to Fragmentation," in Roderick Floud and Paul Johnson (eds.), *The Cambridge Economic History of Modern Britain, Vol. 2: Economic Maturity, 1860–1939* (Cambridge: Cambridge University Press, 2004), 171. See Peter T. Marsh, *Bargaining on Europe: Britain and the First Common Market, 1860–1892* (New Haven: Yale University Press, 1999).

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preferential treatment of British exports in Empire markets.³⁶ After the Second World War, this trading relationship was initially strengthened: In 1948, just after the Second World War, the six countries which were to form the EC constituted less than 10 percent of British exports while the Commonwealth made up more than 50 percent. However, the economic relationship changed rapidly. By 1970, Britain's exports to the six member states of the European Community (EC) exceeded those to the Commonwealth for the first time in the twentieth century. By 1973, the year that Britain itself joined the EC, that share of Britain's exports had risen to 25 percent and more than 50 percent of its exports went to Western Europe as a whole. A similar shift from the Commonwealth to Western Europe and the Six happened to British foreign direct investment (FDI).

This economic relationship with the Commonwealth after 1945 was supplemented by moral and cultural ties, particularly with the Dominion countries of Australia, Canada, New Zealand, and South Africa and by the experience of fighting side by side in the First and Second World Wars. There was an unquestioned assumption that the Commonwealth relationship was a key component of Britain's postwar world. Any commitment to Europe was therefore heavily circumscribed by this relationship: If engaging in European integration harmed the Commonwealth relationship then there was a strong presumption held by the general public that the Commonwealth would be put first. It was to this feeling that Hugh Gaitskell was appealing and which must temper the "missed opportunity" school of thinking about Britain's relationship with European integration as one imbued with hindsight.

However, there is a second aspect to Britain's relationship with the Commonwealth and to the "missed opportunity" argument. It is argued that these were less competitive markets and that the increasing share of British exports going to these markets reflected reluctance or an inability to be competitive. British industry remained protected at home during the 1950s as well.³⁷ This anticompetitive bias was also visible in the cartelization of British industry and the re-establishment of these cartels after 1945.³⁸ This anticompetitive stance, it has been argued, was a key factor in explaining Britain's relative economic decline after 1945 and the competitive shock of joining the EC in 1973 helped to improve the competitiveness of British business. As one commentator has put it:

British industrial performance between 1945 and 1979 might have been better if governments had pursued different policies. The biggest single mistake was to opt

³⁶ See Tim Rooth, *British Protectionism and the International Economy: Overseas Commercial Policy in the 1930s* (Cambridge: Cambridge University Press, 1992).

³⁷ Alan S. Milward and George Brennan, *Britain's Place in the World: A Historical Enquiry into Import Controls 1945-60* (London: Routledge, 1996).

³⁸ H. Mercer, *Constructing a Competitive Order: The Hidden History of British Antitrust Policies* (Cambridge: Cambridge University Press, 1995).

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out of European integration in the 1950s. A second error was to give insufficient priority to competition as the main driver of higher productivity.

This is not to say that British industrial performance would have been transformed if there had been a full-blooded attack on cartels after 1945, or if Britain had joined the Common Market in 1958 rather than 1973, or if industrial policy in the 1960s and 1970s had been geared to the promotion of competition rather than the creation of national champions and the preservation of jobs. But a more consistently pro-competitive and pro-European stance on the part of successive governments might have brought forward some of the changes in industry which took place in the 1980s.³⁹

BUSINESS AND GOVERNMENT IN BRITAIN

This argument is not just about government policy. It is also a critique of business that promoted this protectionist and anticompetitive stance with the rise of business lobbying. It is common to explain the stance of business on protection and trade liberalization in relation to economic interests: If a sector is competitive then it should support liberalization, if it is weak then it will call for protection.⁴⁰ Given Britain's declining share of world trade and apparent lack of competitiveness, one would expect this to be evidenced in growing calls for protection. The attitude of manufacturing industry in Britain was inclining toward protection at the beginning of the twentieth century. The First World War allowed these views to be aired publicly and more vocally and the return of peace saw little change. By the second half of the 1920s "unmodified Free Trade opinion had become a minor force in business circles; in manufacturing, believers in the old orthodoxy were increasingly isolated, whilst the cosmopolitan merchant community . . . had few great names to weigh against the great industrialists who were latent protectionists or active members of the EIA [Empire Industries Association]."⁴¹

Before 1914, the most significant representative body of business nationally was the Associated Chambers of Commerce of the United Kingdom. It

³⁹ Geoffrey Owen, *From Empire to Europe: The Decline and Revival of British Industry since the Second World War* (London: Harper Collins, 1999), 460. See Stephen Broadberry and Nicholas Crafts, "UK Productivity Performance from 1950 to 1979: A Restatement of the Broadberry-Crafts View," *Economic History Review*, Vol. 56, No. 4 (2003), 718–35.

⁴⁰ F. Capie, *Tariffs and Growth: Some Insights from the World Economy, 1850–1940* (Manchester: Manchester University Press, 1994), 17–22; T. J. McKeown, "Firms and Tariff Regime Change: Explaining the Demand for Protection," *World Politics*, Vol. 36, No. 2 (1984), 215–33; H. V. Milner, *Resisting Protectionism: Global Industries and the Politics of International Trade* (Princeton, NJ: Princeton University Press, 1988). For variants of the model see M. J. Gabel, *Interests and Integration: Market Liberalisation, Public Opinion and European Union* (Ann Arbor: University of Michigan Press, 1998); and C. Parsons, "Domestic Interests, Ideas and Integration: The French Case," *Journal of Common Market Studies*, Vol. 38, No. 1 (2000), 45–70.

⁴¹ Andrew Marrison, *British Business and Protection 1903–1932* (Oxford: Oxford University Press, 1996), 433.