

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.*

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
ERM: Exchange Rate Mechanism
EU: European Union
FDI: Foreign direct investment
GATT: General Agreement on Tariffs and Trade
GDP: Gross Domestic Product

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

- 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 (December 2018) 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 (19 December 2018).

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.

CHAPTER 1

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

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Notes

INTRODUCTION

1. Grob-Fitzgibbon (2016), p. 271.
2. On EMU, see O'Rourke and Taylor (2013), freely available at <https://www.aceweb.org/articles?id=10.1257/jep.273.167>, as well as numerous blog posts and opinion columns available at <http://www.irishconomy.ie/index.php/author/korourke/>. On the democratic deficit, see O'Rourke (2015), freely available at <https://onlinelibrary.wiley.com/doi/full/10.1111/crtq.12197>.

CHAPTER 1: THE ORIGINS OF SUPRANATIONAL EUROPE

1. <https://www.gov.uk/government/speeches/pms-florence-speech-a-new-era-of-cooperation-and-partnership-between-the-uk-and-the-eu>.
2. NAFTA is due to be replaced by a new United States–Mexico–Canada Agreement, similar to the old agreement, but with a much less easily pronounceable name (USMCA).
3. The text of the treaty is available at <https://www.nafta-sec-alena.org/Home/Texts-of-the-Agreement/North-American-Free-Trade-Agreement>.
4. A classic reference remains Jones (2003). For a more recent treatment, see Hoffman (2015).
5. Boxer (1975), pp. 52–3.
6. Broadberry and Harrison (2005), p. 27; Urianis (1971), p. 295.
7. The Americans lost more than 100,000 soldiers in the First World War, and around 300,000 in the Second (see the previous note for sources).
8. 'L'armée française n'est pas la seule à se sacrifier. Au prix de lourdes pertes, les Canadiens mènent l'offensive à Vimy, les Britanniques à Passchendaele, les Italiens sont vaincus à Caporetto. Les États-Unis rompent avec