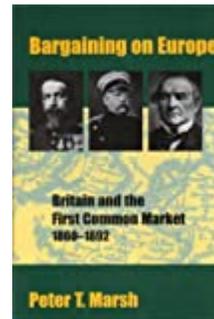


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Peter T. Marsh. *Bargaining on Europe: Britain and the First Common Market, 1860-1892.* New Haven: Yale University Press, 1999. ix + 246 pp. \$35.00 (cloth), ISBN 978-0-300-08103-9.



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The precise relationship between Britain and the rest of Europe has been—and continues to be—a contentious political topic. Caught between Europhiles and Eurosceptics, most parties have taken—at best—an inconsistent line on European integration. The paradigmatic case was the Thatcherite Conservative party. Though nowadays its heritage is chiefly linked to a phobia about European integration, in the late 1970s it was Thatcher who stood for the European Community against the then Europhobic Labour. Later, in the 1980s, the lady's u-turn reflected not a shift towards some sort of isolationism, but rather her misunderstanding of what the process of European integration was all about. She wanted greater and more complete free trade and the abolition of tariffs, while her partners were concerned about the building up of their national economies by means of a European Zollverein and related political machinery. To her, the supranational agencies they were keen on strengthening were a threat to Britain's sovereignty; to them, they were the means whereby actual sovereignty was collectively asserted and individually enjoyed by each nation state. The worst of the matter is that such a misunderstanding was not new in British politics. In fact, Thatcher was merely the last in a long series of Prime Ministers who equivocated—more or less deliberately—about the nature of the “Common Market” and its successors, wishfully thinking that “deeper” integration would

not work. In this important and controversial book Peter Marsh shows that the tradition in cross-Channel misunderstandings goes back to times well before the 1957 Treaty of Rome, and indeed at least as back as the 1860 Treaty of Paris. Thus, though ostensibly concerned only with nineteenth century politics, *Bargaining on Europe* offers a perceptive analysis of the mentality and the roots of British “Euroscepticism.” When Richard Cobden and Michel Chevalier successfully negotiated the 1860 Anglo-French treaty, which represented a crucial stepping-stone towards the creation of the “freer” trade network soon to embrace most of Europe and various other countries overseas, it seemed that a new era had opened in international relations. To some it was the dawn of a Cobdenite utopia of commercial prosperity and international inter-dependence. The immediate effect was to defuse a dangerous Anglo-French crisis and war scare—which had already prompted Palmerston to demand an increase in military expenditure—and to turn the thoughts of the British people away from cannon and towards butter, or rather claret. Some French manufacturers complained about British competition, while the British silk industry was ruined by French imports. On the whole, however, both countries benefitted from the increase in the volume of trade, which had a spin-off effect on the rest of Europe, especially after Belgium, Italy, Prussia, and the Austrian Empire joined the “freer”

trade club. As Marsh concludes: “[t]he extent and interlocking character of the network [of treaties] were unprecedented in European history and unsurpassed until the creation of the European Economic Community” (p. 53). The parallel is reinforced by both the internationalist rhetoric of the free traders, and by the establishment of the Latin Monetary Union among Switzerland, Italy, Belgium, and France, in 1865.

In the process, British Liberals were confirmed in their faith in the serendipity of unconditional free trade. Cobden and the Chancellor of the Exchequer, W.E. Gladstone, regarded the politics of commercial treaties only as a sort of compromise: their ideal was universal free trade, pure and simple. Commercial treaties—persuading other countries “to proceed alongside Britain in reducing their customs duties for their own good” (p. 12)—were perceived not as ends in themselves, but simply as a necessary prerequisite for the eventual abolition of all protective tariffs. Since 1846 there had emerged in Britain a free trade consensus that soon acquired—in both the popular imagination and in Liberal party ideology—the strength and sacrality of a civil religion. Against this consensus die-hard Tories stood out and a few brave maverick economists, such as Robert Torrens, who put a strong theoretical case for “reciprocity.”

Having proved in the abstract that the unilateral reductions of tariffs by one country could turn the terms of trade in its disfavor, Torrens pressed the British government to reduce the tariff only if its trading partners made reciprocal reductions and to threaten them with stiff retaliation if they refused. He contended, with Mill’s reluctant agreement, that a policy of insistent reciprocity might benefit British trade, though it would reduce world trade as a whole. Mill laid stress on this worldwide cost. The difference in emphasis reflected a difference in priorities between the Liberal free traders with whom Mill was aligned and Conservatives such as Disraeli who sympathized with Torrens’ standpoint.

Here, with an eye to the twentieth century and the mishandling of European economic integration, Marsh sides with Torrens. However, he is prepared to accept that in the nineteenth century there was an “essentially practical” case against reciprocity: since 1815 Britain had tried the strategy of commercial reciprocity, but with little success, “Sir Robert Peel accordingly resolved in 1846 ‘that we would no longer injure the people of this country by debarring them of foreign articles, because foreign countries would not enter into reciprocal treaties with us’” (p. 13). While to Peel reciprocity was impractical,

to Cobden it was unnecessary: once unilaterally enacted by Britain, free trade would self-evidently become such a source of blessing, that other countries will also want to adopt it. In the meanwhile, the operation of the “most favoured nation” clauses would ensure that individual commercial treaties would be multilateral, rather than bilateral, in their implications, and hopefully become the Trojan horse of universal free trade.

The reality, as Marsh shows, was somewhat different. As far as Britain’s European partners were concerned, “the commercial treaty-making of the next half-dozen years was to involve considerations of empire and state-building that Cobden clearly never anticipated when he initiated the process” (p. 27). The first cold shower for Cobdenite idealists came already in 1861, with the Belgian treaty.

The Belgian ministers took care always to speak to the British in the language of free trade. But they were commercial liberals of the continental sort, more concerned to strengthen their state through economic development than to liberate individual enterprise on the British model. When pressed by industrial interests within its own borders, the Belgian ministry responded protectively, if indirectly. The end result was that some British textile products entering the Belgian market were subject to more than twice the duty levied on French goods. The British government—allegedly for the sake of an abstract, dogmatic free-trade orthodoxy—gave way to the Belgians, and accepted unfavorable conditions at a time when a better agreement could have been reached by means of harder bargaining. The negotiations with Italy showed a similar contrast between British idealism, on the one hand, and continental pragmatism and focus on nation building, on the other. In this case, however, Marsh’s analysis is less clear, especially concerning the Italian commercial strategy. The first round of negotiations failed when Turin insisted on better terms for wines and other agricultural products, terms which London declined without consulting the Chambers of Commerce. British businessmen were furious, and Marsh makes no mystery of his sympathy for their point of view, dismissing the Foreign Office concerns as illustrations of aristocratic aloofness and insensitivity to business. Yet, it appears that British negotiators were motivated not by “abstract” economic theory, but a very practical concern for the loss of revenue which acceptance of the Italian terms would entail.

The case is further complicated by Marsh’s confusing interpretation of the Italian government’s commer-

cial strategy, which is represented as, at one and the same time, “pragmatically nationalist” and “free-trade idealist.” On the one hand, the considerations summarized in the preceding paragraph would seem to indicate that—according to the author—Turin espoused a “nation-building” type of commercial liberalism, one similar to the policy already adopted by the Belgians. On the other, he castigates Cavour’s heirs for committing the sin of Gladstone: their reckless free-trade policies “depleted the customs revenue, which the new state needed to set its financial house in order. It impoverished the economically backward south, which was far from the main markets of Europe” (p. 60). It is fair to say that historians have traditionally been divided over the aims, effects, and long-term consequences of Italian commercial policies after 1861. However, part of the confusion in Marsh’s account originates from his definition of “national” interest. This seems to be something which can be assessed by pragmatic, realistic people—ideally businessmen—provided they ignore the “abstract economic theory,” which allegedly misleads idealistic liberal economists and aristocratic diplomats. He does not allow for the difficulty of disentangling “national” interest from the interests of specific pressure groups and classes, some of which can claim to be the spokesmen of national or truly public interest through what Gramsci described as their hegemony on contemporary politics and culture. To some extent this was the case with the Italian policy makers in the 1860s: they had a vision of “the national interest,” but one which was influenced by their own class interest. Italy needed to import manufactured goods, which at the time it was unable to produce at home. The government—dominated by wealthy landowners—wanted to pay for such imports by means of agricultural exports. Trade was not necessarily hampered by the “slim” (p. 60) railway system (which in any case was being rapidly expanded), because it went mostly by sea, rather than overland. Thanks to her harbours and trade links, even Sicily (i.e., landlords) had almost as clear an access to “the main markets of Europe” as central and northern Italy. Italian commercial liberalism was nevertheless controversial because, while free trade benefited export-oriented farming, it undermined the artisan-based industries, especially in the south. As Marsh points out, they were seriously affected by cheaper imports from Britain and elsewhere. The crux of the problem was not the effectiveness of free trade policies, but whose economic interests they fostered: the manufacturers and the export-oriented landowners each had different visions of the commercial policies demanded by the “national interest.”

We may wonder whether a similar clash between sectional and class interests characterized British attitudes as well. Marsh bemoans the persistent reluctance of the Foreign Office to consult the Chambers of Commerce, but it is not clear whether this was due to “abstract theorizing” or to a considerate, pragmatic decision to assert “the primacy of the consumer, who would always benefit from lower prices, whether from domestic produce or imports cheapened by lower tariffs” (p. 53). In summarily dismissing this concern as short-sighted, Marsh neglects one important dimension of the free-trade equation—namely, its role in domestic politics. Since 1846 free trade had been more than just a commercial policy. As Colin Matthew has demonstrated, it was not merely about commercial treaties: it was also the cornerstone of a “social contract” on which Peelite and Liberal governments achieved an unprecedented degree of political consensus and social stability. Free trade was generally regarded as the policy of the “big loaf” and cheap sugar, coffee and tea, a diet on which Gladstone fed working-class support for the “British Constitution” both before and especially after 1867. Furthermore, as Ross McKibbin has pointed out, to the organized labor movement free trade stood not only for consumers’ rights, but also for a system which would prevent State interference with the labor market, and limit itself to establishing a level playing field on which the employees and laborers would “freely and fairly” bargain for the best terms that the market allowed. Some employers were increasingly unhappy about such a “social contract,” but until the end of the century their complaints elicited little response from the government. In this respect, their predicament was comparable to that of the Italian manufacturers in 1861-76. By the same token, if producer-, rather than consumer-interest was paramount on the continent, where it was tied in with power interests, as Marsh writes, this was also a matter of policy choices and a different balance between contrasting “class” or interest politics, rather than pragmatic assessment of the “national” interest. The real question, then, is not one of “universalist abstract ideals” versus “national interest,” but of pressure group politics and its link with power. If this is established, then we can agree with Marsh when he argues that—for all Cobden and Gladstone’s protestations—the British universalist gospel of free trade “turned out to be as nationally idiosyncratic as that of the continental states, indeed more so because it had less in common with them than they had with each other” (p. 53). Indeed, Britain was a worldwide empire and a superpower; the other countries were merely regional powers. As a consequence, “Britain’s insistence that its policy was framed for the good of world

trade rather than in the national interest” was, in a sense, true: because world trade was primarily British trade. For the same reason, it was understandable that the other European powers dismissed London’s “internationalist” pleas “as one more manifestation of British hypocrisy” (pp. 53-4). British concern for the development of world trade was not wildly idealistic and a reflection of aristocratic incompetence, simply because until the 1890s, and arguably until 1914, world trade was sponsored by British banks and transported by British steamers and British-built railways. It consisted, to a large extent, of British goods and services, exchanged for raw materials on terms generally favorable to the British economy. There is at least a chance that the “amateurish” Foreign Office was a better interpreter of British national and imperial interests than the Bradford Chamber of Commerce.

From 1870-74, the Franco-Prussian war, the bursting of the post-war boom, and the onset of the so-called Great Depression brought about a deep change in both the economic and the political climate of Europe. Here Marsh proceeds to a thorough indictment of Gladstone’s response to the crisis, claiming that the free-trade case relied increasingly on “formalism” and “remote theorizing,” rather than on a realistic consideration of costs and benefits within the European framework. Departing from its prudent and pragmatic approach of 1860, the Liberal government was reluctant to embark again upon a policy of commercial treaties. Already in the second half of the 1860s they had disregarded “Latin” moves towards “deeper” European integration (including monetary union and a uniform system of weight and measures). They failed because they opted for the solution most congenial to their abstract principles—unilateral free trade in a world of rising tariffs. Yet, it is not clear that Marsh’s severe judgement is justified. Quite apart from the electoral sense free trade continued to make, there would seem to be little commercial reason for a revision of British policies in the 1870s, given the fact that—as he admits—“[the] volume of British exports, especially of textiles to the continent, grew at a faster pace from 1871 to 1876 than in any other five years in the nineteenth century” (p. 90).

Marsh’s case is more persuasive in his discussion of the 1880s, when the situation worsened. Gladstone—then presiding over his second government and simultaneously holding the office of Chancellor of the Exchequer—showed no intention of relenting over his unilateralist free-trade stance. Britain’s refusal to contemplate any kind of retaliation meant that, paradoxically, she was unable to achieve her policy aims even when confronted

by third-rate economies, such the Spanish. This may have been a mistake, though it is not clear which policy would have been appropriate for Britain as an imperial power. While contemporaries could not find an agreement, Marsh admits that the game of retaliatory tariffs was a dangerous one, and left many victims among its practitioners, especially in France and Italy. Even in Germany, Bismarck’s protectionism resulted in overstocked markets and a decline in trade volume. On balance, Gladstone’s lecturing to the French about the advantages of commercial liberalism looks less foolish than the protectionist policies adopted by their governments. Moreover, it is important to observe that—in Britain as much as elsewhere—government priorities were often political, rather than commercial. As far as London was concerned, this had two implications. On the one hand, once we accept, as Marsh does, that in Britain “the reluctance of the ministry to use the tariff for bargaining purposes received resounding endorsement” (p. 148), we should not be surprised that governments were disinclined to abandon free trade. On the other, quite apart from the reactions of public opinion, London’s political priorities involved imperial security. From the point of view of the British Empire, reciprocity might be worse than unilateral free trade, because it would increase both economic nationalism within the Empire, as disgruntled colonials would bear the brunt rather than the benefits of tariffs, and imperial vulnerability in a diplomatic and military international context dominated by imperial rivalries. The situation was only clarified after 1890, when Caprivi—the new German Chancellor—abandoned Bismarck’s protectionism and took the initiative in the formation of a new “European economic community,” based on Cobden’s old strategy of opening up the market by means of commercial treaties (p. 173). In this way Germany played the role which thirty years earlier Britain had adopted, but without any of the idealism or illusions which had characterized the founding of the “first” economic community. It was at this stage that British insistence on abstract economic principle, such as “eternal freedom and independence in fiscal matters” (p. 179), begins to resemble the attitude taken by late twentieth-century governments towards the EEC. Here Marsh’s case is really strong, in terms of both the commercial and the diplomatic consequences of Britain’s “splendid” isolation. Indeed, the British unwillingness to engage with the *fin de siècle* reconstruction of a “European economic community” may have had diplomatic and political consequences that were even more serious than Marsh suggests, because it allowed Germany to play “commercial liberalism” in a way that would isolate both

Russia and France, and worsen the climate of international suspicion and resentment.

In conclusion, Marsh has produced a sophisticated, thought-provoking and innovative thesis. His ideas are

challenging and controversial, but even those who disagree with some of them must admit that this book will be essential reading for all those who wish to understand both the “peculiarities of the English,” and indeed of the “peculiarities” of Britain’s European partners.

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