

# LEFT BEHIND: PROTECTING BRITISH CAPITAL ABROAD, 1945-1989

When, and under what circumstances, are capital exporting states willing to risk diplomatic relations with developing countries when assisting their foreign investors?

## Introduction

For centuries Western governments have secured the protection of international capital through the use of aid flows, trade preferences and military intervention, i.e 'Gunboat Diplomacy'. My research project served to fill the gap in knowledge about the conditions under which Western governments are willing to risk diplomatic relationships in order to protect corporate interests abroad.

Through an analysis and summary of British investment diplomacy using almost 1,000 archival files, this project will provide the definitive account of British investment diplomacy after Empire. The project continues to provide cutting-edge research on the history of investment diplomacy. Moreover, my findings will contribute to current debates about the role of political and legal instruments in foreign investment governance.

## Analytical Framework

The generic model which highlights the analytical framework for the project comprises of three main parts: a foreign investor, a host state and a home state. The host state has three aims, which oftentimes tend to conflict, these include: protecting its regulatory autonomy, attracting and retaining foreign capital and maintaining a good diplomatic relationship with the home state.

Moreover, the investor is interested in securing its assets and the home state wants to aid its investors abroad whilst maintaining favourable relationships with the host state. The primary focus of the project, however, is the relationship between the home and host states. The four key concepts which characterise this relationship include diplomatic objectives, commercial objectives, investment disputes and home state assistance.

## Hypothesis

In my supervisor Dr. Lauge Poulsen's preliminary findings, there have been numerous instances where the British government either refused to intervene on behalf of private multinational firms or only provided support superficially. These preliminary findings suggested the following working hypothesis for the project: UK governments were unwilling to intervene on behalf of British investors during the Cold War when it threatened broader diplomatic objectives. This contradicts the widespread belief about the primacy of commercial interests in British diplomacy with developing countries during the Cold War period.

## Findings

My findings were primarily based upon the domestic issues raised by British expropriation and the way in which Whitehall dealt with such issues. I discovered 3 key issues:

- I. There were concerns over the government's ability to take property without compensation in 1954
- II. There were fears over China's new regulations concerning the leasing of private property in 1958
- III. A policy committee was established to reduce the area and scope of public ownership in Britain

## References

- Maurer, Noel, *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893-2013*
- Poulsen, Gertz, Jandhyala, *Legalization, diplomacy, and development: Do investment treaties de-politicize investment disputes?*, Volume 107, 2018
- Poulsen, Lauge, *Diplomats Want Treaties: Diplomatic Agendas and Perks in the Investment Regime*, Forthcoming in *Journal of International Dispute Settlement* vol. 7, no. 6, 2016

## Nationalisation Without Compensation

This is a timeline of files which indicate concerns with a provision in paragraph 4 of a proposed Town and Country Planning Act in 1954 which would enable the government to take property without compensation.

