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BRITAIN'S MEMBERSHIP IN THE EUROPEAN COMMUNITIES AND THE EUROPEAN UNION

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INTRODUCTION

One of the most important factors affecting British politics is its membership to the European Communities (EC) and latter the European Union (EU), which has already had massive implications for this country. The relationship between Britain and Europe has always been problematic. In Britain there has been little enthusiasm for European integration *per se*, and equally little understanding of the enthusiasm felt on the continent. Europe has been seen as a menace rather than an opportunity and very few British politicians have attempted to argue (as is commonplace on the continent) about monetary union, for instance, it is the only way of regaining control over financial policy.¹ The European idea of pursuing economic integration as a means to political union has also been met with blank incomprehension, if not outright hostility. Britain has always been attempting to slow down the process of integration and, consequently, has often fallen behind and had no choice but to catch up.² However, the portrayal of Britain as a “dif-

¹ A. May, *Britain and Europe since 1945*, Longman, London & New York 1999, p. 92.

² D. Childs, *Britain since 1945*, Routledge 1992, p. 20.

ficult partner” or “laggard leader” in European affairs is only partly justified. Based on its specific understanding of national sovereignty, Britain has developed a much more pragmatic and instrumental approach towards Europe than most of its partners on the continent.³ Nevertheless, the country was a strong driving force in favor of integration in many crucial policy fields like the single market or trade policy.⁴ According to Alan Milward, the process of European integration entails “pooling” the sovereignty in order to protect national interests and extend national governments’ control of their own destinies.⁵ In Britain, contrary to the continent, national interests dictated a different line and it was only when exclusion from the Communities appeared to threaten them that the then British government began to accept the need for membership. The very different motivation behind British entry ensured that the British aims inside the Communities would be limited or “defensive”.⁶ The most controversial aspect of Britain’s membership of the EC has always related to “erosion” of its sovereignty.

This interpretation has been supported by those studies of British policy which have so far appeared. Sean Greenwood has emphasized that British governments before the 1960s were following their own interests in staying out of the emergent Communities.⁷ According to John Young, Britain sought the development of European cooperation by means of “practical programmes” rather than “ambitious schemes”.⁸ Finally, Stephen George has argued that successive British governments, both before and after 1973, and both Conservative and Labour, have pursued a consistent policy attempting to pursue regional cooperation on strictly intergovernmental lines, and attempting to prevent “regionalism” from disrupting “globalism” and “internationalism”.⁹

³ J. Techau, *The hampered European*, DGAP Bulletin, Berlin, Februar 2008, No. 1, p. 2.

⁴ *Ibidem*.

⁵ A. Milward, *The European Rescue of the Nation State*, Routledge 1992, p. 35–42.

⁶ *Ibidem*.

⁷ S. Greenwood, *Britain and European Cooperation*, Oxford 1994, p. 123.

⁸ J.W. Young, *Britain and European Unity 1945–92*, London 1993, p. 146–153.

⁹ S. George, *Britain and European Cooperation Since 1945*, Oxford 1992, p. 137. See also: S. George, *Britain in the IGC*, [in:] G. Edwards, A. Pijpers (eds.), *The Politics of European Treaty Reform*, Basingstoke 1997, p. 34–41.

Nowadays Britain's departure from the European Union grows ever more likely. David Cameron will probably go into the 2015 general election with a commitment to renegotiate the terms of British membership and then hold a referendum on the outcome. The British people would vote whether to stay in the EU with the "better deal", or leave. The current British government has no intention of walking out of the EU. No political party that supports withdrawal has won even a single seat in the House of Commons. There is nothing new about Britain being a grumpy member of the club, while quietly following EU directives with more diligence than many supposedly "good European" neighbours. However, it would be a mistake to assume, complacency, that sullen British acceptance of the status quo will continue indefinitely. The relationship between the UK-EU nowadays looks much less stable than it has for a long time and it is hard to see any way in which the British public and political opinion will become more favourable over the coming years.

The aim of this article is to depict the nature of Britain's membership in the EC/EU (including the stance of the UK's main political parties on this issue) and to answer an important question: what future is there for the United Kingdom in the European Union? What are the possible scenarios of its membership in the EU? The fact that the UK is not a member of the euro – together with the threat that it might withdraw further from the EU can mean further marginalization of the UK which is, in short, a very awkward position. First, it stands to be disproportionately affected if it is side-lined under a banking union, because it is host to Europe's largest financial center (a fact not universally welcomed in the eurozone, where a general feeling persists that the City of London and "unregulated Anglo-American finance" must be tamed if the single currency is to survive). Second, Britain is led by the most Eurosceptic government in the EU and David Cameron has difficulty controlling his party. The result is that the stakes for the UK are higher than for any of the other eurozone countries, but the margin for compromise is narrower.¹⁰

¹⁰ P. Whyte, *What a banking union means for Europe?*, Centre for European Reform, <http://www.cer.org.uk/publications/archive/essay/2012/what-banking-union-means-europe.pdf>

I. THE FIRST STAGES OF THE EUROPEAN INTEGRATION PROCESS

The new Europe that emerged after the Second World War was driven by both politics and economics, but political considerations were the most important. Centuries of divisions and conflicts within Europe had convinced many of the need to end old antagonism and promote instead a new era of cooperation, peace and prosperity.¹¹ The prime motive of the architects of the new Europe was the prevention of war. While it was certainly hoped that closer European integration would help to rebuild agricultural and industrial production, a principal objective was to lock the economies of France and Germany so closely together as to render another war between them impossible.¹²

Britain's wartime experience was very different from that of the other European countries. After the fall of France, Britain and its empire "stood alone". Its national institutions, sense of national identity emerged strengthened by the war. There was no crisis of the nation – state in Britain. Moreover, the globalization of the war served to emphasize the importance of Britain's extra – European links. The empire and Commonwealth were crucial to Britain's survival. But it was only with the help of the Soviet Union and the United States that Britain was able to turn survival into victory. The fact that this country was the weakest of the "Big Three" merely underlined the importance of maintaining good relations with the emerging "superpowers".¹³ British foreign policy was based on The Three Great Circles: the British Empire, the "English Speaking World", and "United Europe".¹⁴ The deterioration of the international situation, accompanied by a thaw in Anglo – French relations, led to a revival in Britain's interest in western European integration in the years 1947–1948. However, British Foreign Secretary Ernest Bevin emphasized: "we must remain, as we have

¹¹ R. Leach, B. Coxall, L. Robins, *British Politics*, Palgrave Macmillan, Basingstoke & New York 2006, p. 268.

¹² Ibidem.

¹³ A. May, *op.cit.*, p. 6.

¹⁴ A. Deighton, *Britain and the three interlocking circles*, [in:] A. Varsori, *Europe 1945–1950: The End of an Era?*, Macmillan, Basingstoke 1995, p. 45.

always been in the past, different in character from other European nations and fundamentally incapable of wholehearted integration with them”.¹⁵

One of the major factors in kick – starting the European integration process was the Marshall Plan (1947). Its main aim was to provide American aid for the European recovery plan. But the Americans emphasized that “The initiative had come from Europe”.¹⁶ It was largely Ernest Bevin’s determination which ensured the creation of the Organisation for European Economic Cooperation (the OEEC), which coordinated the national recovery plans of sixteen western European states and presented them to Washington as a single programme.¹⁷ It is worth mentioning that by the time the Plan came to an end (1951), America had donated \$ 13 bln, of which \$ 2,7 bln went to Britain.¹⁸

On 9 May 1950 the French Foreign Minister Robert Schuman announced a proposal (The Schuman Plan) to “pool” French and German coal and steel production under a supranational body “High Authority”, as “the first concrete foundation of a European federation”.¹⁹ There were substantial reasons for British non – involvement in this initiative. In the first place, the European economies were still devastated by the war. In coal and steel, Britain was more or less self – sufficient and exported very little to Europe. On the other hand, Britain’s exports to its major markets (the Commonwealth) were likely to suffer if Britain associated more closely with Europe. Secondly, the Labour government had nationalized coal and was committed to the nationalization of steel, whereas the Schuman Plan appeared to involve the formation of an effective cartel, run in the interests of industrialists. Thirdly, the British government had long

¹⁵ A. Bullock, *Ernest Bevin: Foreign Secretary*, Heinemann, London 1983, p. 734. Also: S. Greenwood, *Ernest Bevin, France and Western Union 1945–1946*, “European History Quarterly” 1984, 14/3, p. 23–35.

¹⁶ A speech of Secretary of State George Marshall, 5 June 1947. See: D.W. Ellwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction*, Harlow 1992, p. 34.

¹⁷ It was replaced by the Organisation for Economic Cooperation and Development (the OECD) in 1960.

¹⁸ H. Pelling, *Britain and the Marshall Plan*, London 1988, p. 127.

¹⁹ J. Pinder, *European Community: The Building of a Union*, Oxford 1995, p. 1.

made clear its preference for intergovernmental rather than supranational forms of integration.²⁰

Based on the Schuman Plan the Treaty of Paris was signed in April 1951. As a result of last – minute concessions to the Dutch, the European Coal and Steel Community (the ECSC) was established and it was as much intergovernmental as supranational in character.²¹ Again, for similar reasons, Britain did not take part in this initiative. An Anglo – ECSC Treaty of Association was eventually signed in 1954, but this provided only for a Council of association, exchanges of information and joint action on pricing and supplies.²² Pressure from the coal and steel industries, trade unions, the Treasury and the Board of trade ensured that the proposal to move towards a common market in coal and steel was dropped.

On 25 March 1957 the leaders of “the Six” signed the two Treaties of Rome, establishing the European Economic Community (the EEC) and Euratom. The two new Communities came into existence on 1 January 1958. Undoubtedly, The EEC Treaty was by far the more significant of the two, envisaging the abolition of internal customs duties, the erection of a common external tariff, free movement of capital and labour, the progressive integration of policies in areas such as agriculture, transport, trade and competition and the gradual realization of an “ever closer union” among the member – states. The first round of tariff adjustments was scheduled for 1 January 1959.²³

The emergence of a potentially powerful economic bloc at the heart of Western Europe filled a number of British ministers with dismay. David Eccles declared that twice within living memory Britain had gone to war to oppose the formation of “a hostile bloc across the Channel”.²⁴ The Brit-

²⁰ S.U. K. Younger, *Britain and Europe 1950*, „International Affairs”, 1967, 43/1, p. 36.

²¹ The countries that formed the ECSC (“the Six”) were the following: France, Germany, Italy, and the three Benelux states.

²² L. Christopher, *Absent At the Creation: Britain and the Formation of the European Community 1950–52*, Aldershot 1996, p. 141.

²³ D. Desmond, *Ever Closer Union? An Introduction to the European Community*, London 1994, p. 45.

²⁴ G. Wilkes(ed.), *Britain's Failure to Enter the European Community 1961–63*, London 1997, p. 39.

ish Prime Minister Harold Macmillan came up with a proposal (the so – called “Plan G”) for an industrial free trade area linking “the Six” with the other eleven OEEC members. The plan deliberately excluded agriculture and allowed member – states to set their own tariffs against non – members (unlike the EEC). H. Macmillan insisted that the latter was fundamental: Britain could never agree “to our entering arrangements which, as a matter of principle, would prevent our treating the great range of imports from the Commonwealth at least as favourably as those from the European countries”.²⁵ Understandably, the Europeans were unenthused. The French, in particular, suspected another attempt to undermine the common market negotiations. It soon became clear that “the Six” were uninterested in any proposal which excluded agriculture and external tariffs, and also that they wanted access to Commonwealth markets on equal terms with Britain.

The prospect of a trade war was a powerful inducement for Britain to join with Austria, Denmark, Norway, Portugal, Sweden and Switzerland in negotiating the European Free Trade Association (the EFTA), as an alternative to the EEC.²⁶ However, most historians have seen it as no more than a side – show or cul – de – sac on the route to British membership of the EEC.²⁷ It was conceived as an expedient and supported by the British government primarily to improve its bargaining position with “the Six”.²⁸ In the short term, EFTA failed to fulfill its role as a “bridge – builder”: the EEC countries refused to take it seriously. In the medium term, it was a diplomatic own – goal for Britain, as it set up another major obstacle to membership of the EEC.²⁹

²⁵ Ibidem, p. 48.

²⁶ It came into existence on 1 January 1960. Nowadays it has four member – states: Iceland, Liechtenstein, Norway, Switzerland. See: J. Ramsden, *The Oxford Companion to Twentieth Century of British Politics*, Oxford 2005, p. 345.

²⁷ R. Lamb, *The Macmillan Years 1957–63: The Emerging Truth*, London 1995, p.131.

²⁸ The economic benefits went mainly to Sweden and Switzerland. Over the first three years of its existence, British exports to the EFTA countries rose by 33%. Over the same period, British exports to the EEC countries rose by 55%. J. Ramsden, op.cit. p. 346.

²⁹ S. Ward, *United house or abandoned ship? EFTA and the EEC membership crisis 1961–63* [in:] R. Griffiths, S. Ward, *Courting the Common Market: The First Attempt to Enlarge the European Community 1961–63*, London 1996, p. 257.

The EEC, by contrast, enjoyed rapid success. Despite British protests, the programme of tariff adjustments was accelerated. With the exception of Belgium, the EEC countries enjoyed economic growth rates much higher than Britain.³⁰ Britain's non – membership threatened to exclude it from some of the world's major growth markets, and leave it dependent on the Commonwealth, whose economies were increasingly successful at competing with British goods.³¹ Political and economic developments combined to provoke reassessment of Britain's relations with Europe from mid – 1959 onwards. The swift liquidation of the British Empire was one factor. The opposition of the USA and even some Commonwealth countries to the disastrous 1956 Anglo – French Suez crisis expedition was a defining moment, which destroyed lingering illusions of Britain's world power status. Continuing economic problems evidenced by low growth, adverse trade balances and the recurring sterling crises contrasted with the strong economic performance of the EEC countries. Thus Harold Macmillan's Conservative government sought entry in 1961. The decline in Britain's international standing and economic downturn was the main reasons for Britain's official entry to the EEC in 1973.

II. AN OFFICIAL ENTRY TO THE EUROPEAN COMMUNITIES (1973)

A number of historians have concluded that Britain's application to join the EEC was an attempt to restore its deteriorating position in all three of its foreign policy's "circles".³² As a result, on 31 July 1961, Macmillan announced in the House of Commons that Britain would be seeking negotiations on the terms of British membership. Those negotiations protracted till 14 January 1963, when the French President Charles de Gaulle decided to veto Britain's application. He emphasised that Britain

³⁰ M. Dedman, *The Origins and Development of the European Union 1945–95*, Routledge 1995, p. 278–286.

³¹ A. Milward, *op.cit.*, p. 23.

³² J. Darwin, *Britain and Decolonisation*, Macmillan, London 1988, p. 234. See also: G. Stephen, *Britain and European Integration Since 1945*, Oxford 1992 ,p. 44.

did not seem committed to Europe. For him, this had a particular meaning: Britain was too committed to the Commonwealth and the United States. His own vision of Europe as a “third force” would be fatally undermined by the entry of Britain, which he regarded as an America “Trojan Horse”.³³ However, his critique of Britain’s application went deep: in his view, “the nature, the structure of Britain made it fundamentally different from the continent”.³⁴ De Gaulle’s veto was “a blow to the prestige of the Macmillan government from which the Conservatives did not really recover”.³⁵ Most writers argued that Britain’s first application came too late: Britain had already missed the European boat.³⁶ Britain was not yet ready to make the adjustments necessitated by the EEC membership, while the EEC itself was still too young to accommodate the changes which British membership at that time might have entailed.

In 1964 the Labour Party came to power and Harold Wilson became prime minister. His election campaign had been resonant with images of modernization and “the scientific revolution”.³⁷ However, he inherited a deteriorating economic situation from the Conservatives, which it then proceeded to make worse. The crux of the problem was the pressure on the pound caused by the balance of payments deficit. The causes of this were long term and plentiful, including over – reliance on declining industries, lack of investment and low productivity.³⁸ As import controls were largely ruled out by international agreement (GATT) and the threat of retaliation. Britain could afford to retreat into a siege economy because its economic existence was dependent to an unusual extent on foreign trade. One of the possible solutions was devaluation of the pound, but H. Wilson

³³ Especially after the Nassau agreement in 1962, which allowed Britain to buy American Polaris missiles. N. Beloff, *The General Says No: Britain’s Exclusion from Europe*, Harmondsworth 1963, p. 53.

³⁴ *Ibidem*.

³⁵ R. Lamb, *op.cit.*, p. 9.

³⁶ E. Barker, *Britain in a Divided Europe 1945–70*, London 1971, p. 34. See also: B. Bri-vati, J. Harriet (eds.), *From Reconstruction to Integration: Britain and Europe Since 1945*, Leicester 1993, p. 124 and M. Cramps, *Britain and the European Community 1955–63*, Oxford 1964, p. 76.

³⁷ A. May, *op.cit.*, p. 41.

³⁸ *Ibidem*.

wanted to avoid it. Instead, he negotiated a \$2 billion loan from the USA, but to no avail. The worst crisis came in July 1966, when a national seamen's strike, compounding a depressing set of economic indicators, triggered a severe run on the pound. H. Wilson accepted the case for devaluation, but he recognized that it would be more acceptable to the British public and the international money markets if it were part of a whole package of measures, including membership of the EEC. The race was therefore on, to join the EEC before being forced to devalue outside.³⁹

A whole host of reasons conspired to edge Wilson towards launching a second British application: changes in the international sphere, in the Communities themselves, the hope of reversing Britain's economic decline and the need to find a framework for the inevitable devaluation. Added to this were pressures from the Foreign Office, the Confederation of British Industries, much of the press and European – minded pressure groups.⁴⁰ There was also evidence of widespread public support for British membership.⁴¹ Party politics also pointed to a renewed application. The March 1966 election gave Wilson more leeway to adopt his policies. Apart from it, a large number of the new intake of Labour MPs were known to be pro – European. Finally, a foreign policy “miracle” was needed to distract attention from difficulties with the economy and other foreign policy areas.⁴²

On 2 May 1967 H. Wilson announced the government's intention to apply for membership. A week later there followed a three – day Commons debate. The result (488 to 62 in favour of the application) was never in doubt, given that the front benches of all two major parties supported the proposal.⁴³ But the French President Ch. De Gaulle made clear that he still objected to British entry. In particular, he believed that Britain would be a “Trojan Horse for America. Moreover, de Gaulle now raised the ques-

³⁹ H. Durant, *Public opinion and the EEC*, „Journal of Common Market Studies”, 1968, No. 6/3, p. 47–48.

⁴⁰ U. Kitzinger, *The Second Try: Labour and the EEC*, Pergamon, Oxford 1968, p. 126.

⁴¹ In mid – 1966 opinion polls found 70% of respondents in favour of joining the „Common Market”, See: H. Durant, op. cit., p. 49.

⁴² U. Kitzinger, op.cit., p. 130.

⁴³ Ibidem.

tion of whether Britain's economy was so weak that British membership would harm the existing "Six" and he insisted that Britain should end sterling's role as a reserve currency.⁴⁴ The negotiations, which started in July 1967 made swift progress, largely because the British (learning from their 1961–63 experience) kept their conditions to a minimum.⁴⁵ However, at a press conference on 27 November 1967 Ch. De Gaulle declared that there was still "a very vast and deep mutation to be effected" by Britain before France could accept it as a fellow – member of the Communities.⁴⁶ Consequently, France issued a formal veto on 16 May 1968.⁴⁷

De Gaulle's successor, Georges Pompidou, was significantly more favourable to the European Communities and more open to British membership than de Gaulle himself. Indeed, he saw Britain as a potential counterweight to Germany, now the economic giant. In Britain, H. Wilson was replaced by Edward Heath from the Conservative Party in 1970. Unlike Wilson, he was fully committed to the idea of joining Europe and he was not a "Commonwealth man" and he appears to have regarded the Commonwealth mainly as an irritant.⁴⁸ He was also decidedly cool about the Anglo – American relationship. He disliked the term "special relationship" and he urged that London should "turn more to Paris, Bonn and Rome".⁴⁹ The Conservative Party had by now emerged as "the party of Europe".

Strictly speaking, Britain did not have to make a third application to join the EEC. The negotiations started on 30 June 1970. The most difficult items arose from aspects of Community policies which had been agreed since 1961–63 and which had therefore not been at issue in the original

⁴⁴ P.M. H. Bell, *France and Britain 1940–94: The Long Separation*, Harlow 1997, p. 86.

⁴⁵ Commonwealth obstacles were reduced to a British request for special arrangements for Caribbean sugar and New Zealand lamb and dairy products. The agriculture was accepted in full. For the other EFTA countries, Britain requested only a year's transitional arrangements. U. Kitzinger, *op.cit.*, p. 134.

⁴⁶ P.M. H. Bell, *op.cit.*, p. 90.

⁴⁷ Britain was forced to carry out the devaluation on 18 November 1967 and it had a big impact on de Gaulle's decision. *Ibidem*.

⁴⁸ D. Reynolds, *Britannia Overruled*, Harlow 1991, p. 241.

⁴⁹ *Ibidem*.

negotiations: in particular the Community budget, monetary union and fisheries.⁵⁰ After the Heath – Pompidou summit, which took place on 20–21 May 1971 in Paris agreements were reached on New Zealand butter and Caribbean sugar. Britain was allowed a six – year transitional period for agriculture and the common external tariff. On fisheries the outlines Britain was allowed to preserve 90% of its fish catch for ten years, with a review to follow. The French now accepted British assurances that sterling balances would be gradually run down. The budgetary question still proved intractable, but Britain agreed to accept a phasing – in of contributions over seven years, together with an assurance that if problems became unacceptable “the very survival of the Community would demand that the institutions find equitable solutions.”⁵¹

On the basis agreed in Paris, the government drafted a White Paper recommending British entry. It was published in July 1971. The crucial European debate took place in the Commons on 21 to 28 October 1971. The Labour Party was generally against and wanted to renegotiate the terms of entry. However its leader – James Callaghan asked what he would do if the renegotiations failed replied merely that “we would sit down amicably and discuss the situation.”⁵² The result was a triumph for E. Heath: 356 to 244 in favour of entry.⁵³ The parliamentary battle was over. The Treaty of Accession was signed on 22 January 1972 and it necessitated the passage of a European Communities Bill. On 17 October the bill received an official consent from the Queen (the royal assent) and Britain, together with Denmark and Ireland officially entered the European Communities on 1 January 1973.

As a number of writers have pointed out, Britain chose the worst moment at which to join the EEC: just when the long economic boom of the 1950s and 1960s was coming to an end, to be replaced by much harder economic climes. The slide into international recession was already under-

⁵⁰ U. Kitzinger, *Diplomacy and Persuasion: How Britain joined the Common Market*, London 1973, p. 36.

⁵¹ L. Christopher, *British Entry to the EC Under the Heath Government of 1970–74*, Aldershot 1993, p. 121.

⁵² *Ibidem*.

⁵³ P. Dorey, *British Politics since 1945*, Oxford UK–Cambridge USA 1995, p. 124.

way by the time the OPEC oil – producing states doubled the price of oil in October 1972 and in December 1973. For the rest of the decade, Britain and other western industrialized countries experienced low or negative economic growth, spiraling inflation, rising unemployment. It is worth mentioning that Britain had already begun participating in the work of the Communities before its membership formally began.⁵⁴ But it was a “selective participation”. The British negotiators had always threatened to veto progress on Community issues, unless an agreement was reached on lines acceptable to Britain, according to its national interests only. A good example set Heath’s plan for a common energy policy. Finally, he opposed an agreement on the distribution of energy resources within the EEC. With North Sea oil beginning to be developed, he saw it as a plot to deprive Britain of its oil. Generally, Heath steadily blocked progress in areas important to other countries, while demanding special treatment in areas of particular interest to Britain. By the time his government fell in 1974, Britain had already begun to acquire a reputation as an “awkward partner.”⁵⁵ However, this portrayal is only partly justified. There were some crucial areas in which Britain was one of the leading advocates. However, its national interest has always been put in first place. That is why its participation in the European Communities has always been selective.

III. THE MAIN POLITICAL PARTIES TOWARDS THE EUROPEAN ISSUE

British entry into the European club failed to settle the issue of its relations with Europe, for the British conversion to the European Communities was never whole – hearted. The economic benefits of the UK entry were not immediately obvious. Partly this was because Britain joined too late to influence the shape and early development of the European Communities. Thus the UK had to sign up to rules designed by others to

⁵⁴ In May 1972 Britain joined the „snake” which linker European exchange rates, but pulled out the following month. Ibidem.

⁵⁵ G. Stephen, *An Awkward Partner: Britain in the European Community*, Oxford 1994, p. 58.

meet the economic needs of the original six member states. The British economy with its relatively tiny agricultural sector was unlikely to benefit significantly from the Common Agricultural Policy, which then absorbed three – quarters of the EC budget.⁵⁶ Moreover, 1973, the year of Britain's entry, was also the year of the energy crisis which signaled the end of the post – war economic boom. The original members of the EC had enjoyed substantial growth in the early years of the UK membership which were accompanied by stagnation.⁵⁷

Thus Community membership remained politically controversial in Britain. The only mainstream political party consistently in favour, were the Liberals (and subsequently Liberal Democrats). The bulk of the Labour Party had opposed the entry in 1973. The return of their government under H. Wilson again in 1974 entailed a renegotiation of the terms of entry. In general, all that Britain was able to achieve was an agreement to review the bases of the pricing policy. The most difficult item in the negotiations was the size of Britain's budget contribution.⁵⁸ On 5 June 1975 a referendum took place, resulting in a 67,2% majority for staying in the EEC.⁵⁹ Although the government officially recommended a "Yes" vote, a third of the Cabinet campaigned on the opposite side and Labour remained deeply divided on the issue. On the British left the EC were widely perceived as a rich man's capitalist club, providing the economic underpinning of NATO. By 1983, and back in opposition, Labour was pledged to withdrawal from the EC without even a prior referendum.⁶⁰

Most Conservatives were then far more enthusiastic about Europe. After all, Britain's membership in the EEC was their achievement. When Margaret Thatcher took office in 1979, it would have been reasonable to expect

⁵⁶ R. Leach, et. al., op.cit., p. 272.

⁵⁷ Ibidem.

⁵⁸ In May 1974 the Treasury forecast forecast that at the end of the transitional arrangements (in 1980) Britain would be contributing 24% of the budget, compared with a share of GNP of only 14%. A. May, op.cit, p. 60. The formula was agreed in 1975, but with the additional proviso that any rebate should be limited to 125 million pounds. Ibidem.

⁵⁹ 32,8% were against, with a turnout 64,6%. D. Butler, U. Kitzinger, *The 1975 Referendum*, London 1996, p. 341.

⁶⁰ R. Leach, et. al., op.cit., p. 273.

a more positive approach to Europe than from the previous government. However, the problem arose from the malfunctioning of the 1975 rebate mechanism and the escalating cost of the Common Agriculture Policy. It dominated Britain's relations with its European partners for the next five years. Eventually an agreement was reached at Fontainebleau in June 1984 (the famous: "I want my money back"), by which M. Thatcher accepted a rebate of 66% of the difference between British VAT contributions (but not tariffs or import levies) and the EC receipts. In return, she agreed an increase in the EC revenue from 1 to 1.4% of national VAT receipts⁶¹ This agreement was little different from proposals rejected by Thatcher on several previous occasions.⁶²

With the budget question for the moment settled, "there were indications that, under M. Thatcher, Britain might be becoming more *communautaire*."⁶³ She went to sign and endorse the 1986 Single European Act, where the single market was to be achieved by 1992.⁶⁴ M. Thatcher portrayed this as a triumph of her diplomacy. Apart from the single market, majority voting would be introduced in specific areas, but not on such matters as taxation, frontiers controls and employment law. Most majority voting would be so – called "qualified majority voting (two – thirds of the votes in the Council of Ministers). However, M. Thatcher was forced to accept a commitment to move towards economic and monetary union. Moreover, on the question of institutional reform, Thatcher did not appear to realize "the extent to which her acceptance of the Single Act brought her along the conveyor belt to closer union."⁶⁵ Thatcher's refusal to agree

⁶¹ A. May, *op.cit.*, p. 70.

⁶² *Ibidem*, p. 71.

⁶³ S. Greenwood, *op.cit.*, p. 11.

⁶⁴ The proposal to complete the single market was set out in a British government document *Europe – The Future*. According to David Reynolds, Britain was afraid of the danger that it would be left on the sidelines in a "two – speed" Europe. A common market in services as well as goods, the removal of "non – tariff" barriers and the free movement of capital and labour fitted in perfectly with Thatcher's commitment to deregulation and increasing opportunities for enterprise. D. Reynolds, *op.cit.*, p. 267. See also: M. Thatcher, *The Downing Street Years*, London 1993, p. 548.

⁶⁵ R. Denman, *Missed Chances: Britain and Europe in the Twentieth Century*, London 1996, p. 264.

to the harmonization if indirect taxation continued to cause dissension within the Community, while her refusal to remove frontier controls resulted in the inner core of Europe going ahead without her.⁶⁶ However, it was in accordance of Britain's national interest, because Britain wanted to keep its own immigration policy. As John Pinder has observed, rather than marking the limits of integration, as Thatcher hoped, the Single European Act contributed to the momentum of further change, by 'opening out new opportunities for the proponents of Union.'⁶⁷

M. Thatcher expressed her attitude towards Europe in the famous speech at Bruges in 1988. For her, Europe was a threat to Britain's national sovereignty: "to try to suppress nationhood and concentrate power at the centre of the European conglomerate would be highly damaging(...) We have not successfully rolled back the frontiers of the state in Britain only to see them reimposed at a European level with a European superstate exercising a new dominance from Brussels"⁶⁸ Even so, M. Thatcher (reluctantly) agreed to UK entry to the Exchange Rate Mechanism (ERM) in October 1990 and it was only after her fall from power soon afterwards that her opposition towards the whole European project intensified. Her successor, John Major seemed more enthusiastic about Europe.⁶⁹ However, the Maastricht Treaty (1992), creating the European Union, was to mark further divisions within the Conservative Party. Consequently, J. Major negotiated an opt – out from the Social Charter and monetary union⁷⁰.

When the Labour Party came to power in 1997, it aimed to pursue a constructive European policy. Successive Labour Party manifestos sought to establish some kind of British "leadership" within the European Union. According to S. Bulmer this policy could be defined as a 'utilitarian supra-

⁶⁶ Britain did not take part in the Schengen agreement signed in 1985, banning frontier control among the members of „the Schengen area“.

⁶⁷ J. Pinder, *op.cit.*, p. 78.

⁶⁸ R. Leach, *et. al.*, *op.cit.*, p. 273.

⁶⁹ He stated: „My aim for Britain in the Community can be simply stated. I want us to be where we belong. At the very heart of Europe. Working with our partners in building the future“. *Ibidem*.

⁷⁰ The Maastricht Treaty was ratified in Britain on 2 August 1993 and it was deeply divisive for the Conservative Party. *Ibidem*.

nationalism.' The Labour governments' (with Tony Blair and Gordon Brown as the prime ministers) strategy has been characterised by a preparedness to embrace European policy solutions in line with Labour's 1997 manifesto commitment to pursue constructive diplomacy in the EU.⁷¹ This policy has led to a stronger British imprint on the character of the EU.⁷² The Labour governments have been able to pursue the national interest and their own political goals through European policy, and have done so unencumbered by the intra-party divisions that prevented such an approach under the Major government. Thus the Blair and Brown governments have exploited the opportunities which the EU offers for resolving difficult policy issues: on matters ranging from economic competitiveness, through to security and defence policies.⁷³ However, this engagement in EU diplomacy has been bounded by electoral constraints. Thus the domestic strategy of utilitarian supranationalism has been designed to try to depoliticize the European issue in view of the British public's reluctant attitudes towards the EU. Utilitarian supranationalism therefore had an upstream component (the government's European diplomacy) and a downstream component (managing the salience of the European issue in domestic electoral politics).⁷⁴

The Labour Party's European Policy between 1997–2010 was to a large part about differentiating itself from its own policies prior to the modernization of John Smith and Tony Blair. But it was also about bringing a change to the deterioration of relations with EU partners under the second Major government (1992–1997). The Blair and Brown governments

⁷¹ The European policy commitments in 1997 Manifesto were the following: a) rapid completion of the single market – top priority, b) high priority for enlargement of the EU, c) urgent reform of the Common Agricultural Policy, d) retention of the national veto over key matters of national interest, such as taxation, defence and security, immigration, decisions over the budget and treaty changes, while considering the extension of Qualified Majority Voting in limited areas where that is in Britain's interest. *New Labour: Because Britain Deserves Better*, <http://www.labour-party.org.uk/manifestos/1997/1997-labour-party-manifesto.shtml>.

⁷² S. Bulmer, *New Labour, New European Policy? Blair, Brown and Utilitarian Supranationalism*, "Parliamentary Affairs" 2008, Vol. 61, No. 4, p. 597.

⁷³ *Ibidem*.

⁷⁴ *Ibidem*, p. 592.

have been able to pursue a European diplomacy reflecting the national interest as well as their own political goals. Seldom in the period of UK membership of the EU could a government pursue such a utilitarian approach to policy owing to intra-party division or a small parliamentary majority.⁷⁵ Labour reduced the electoral salience of European policy through a four-fold strategy. It sought to contrast its policies with the Conservatives in terms of its greater competence for defending the UK's interests, it isolated the most problematic issues from parliamentary politics by promising a referendum (the single currency, Constitutional Treaty) and it used delaying tactics (the single currency again).⁷⁶ Every effort was made to ensure European policy did not put at risk the parliamentary majority that was needed for Labour's wider political objectives.

Labour's strategy of utilitarian supranationalism was evident from the 1997 Manifesto, with its commitment to 'lead reform' in the EU, while isolating the most problematic issues from the election campaign through the promise of a referendum. The first term of the Blair government was the most successful. The establishment of the European Security and Defence Policy (ESDP) and the Lisbon Agenda illustrated the constructive diplomacy and success at placing a British imprint on the EU.⁷⁷ The second term saw modest successes. The consequently more fractious relations with key partner states, such as France and Germany (due to Britain's engagement in the Iraq war), impacted on British European diplomacy.

Overall, there has been a reasonable achievement of the Blair governments' objectives in its European policy. The UK has been much less isolated in the EU. The EU itself has changed shape and was more in line with British goals, notably with its more neoliberal orientation. The Lisbon Treaty itself has a firm British imprint. Another development worth noting is that the UK has come closer to European patterns of governance. Devolution has brought the UK closer to the multileveled patterns of governance on the continent. Among other developments have been the greater practice of proportional representation (European elections, devolved

⁷⁵ *Ibidem*, p. 615.

⁷⁶ *Ibidem* and K. Oppermann, *The Blair Government and Europe: The Policy of Containing the Salience of European Integration*, "British Politics" 2008, No. 3, p. 170–177.

⁷⁷ *Ibidem*.

assemblies), independence for the Bank of England, incorporation of the European Convention on Human Rights.⁷⁸ The real area of weakness for Labour has been in respect of building any domestic consensus behind its European policy. Tony Blair's own efforts to change public opinion's perception of the benefits of European integration were not sustained and not successful.⁷⁹

David Cameron, the prime minister (since 2010), is leader of the most eurosceptic Conservative Party ever. Even Margaret Thatcher had to reckon with a clutch of convinced pro – Europeans in her cabinet, whose resignation would have greatly damaged her. Today, Conservative MPs willing to defend the European status quo – as opposed to those who want a looser relationship with the EU. A central plank of modern Tory euroscepticism is the role that Europe played in M. Thatcher's loss of office. A defining heroine to today's Conservative MPs was in part forced from office by colleagues dismayed by her growing hostility to Europe in the latter days of her premiership.⁸⁰ This inheritance has pushed today's Conservative into a paradoxical relationship with the EU (especially the single market). With free trade, open markets and undistorted competition all key to the post – Thatcherite Tory identity – the majority of today's Conservative MPs regard the internal market as the most obvious net positive of EU membership. But many of the same MPs denounce supranational regulation by unelected Brussels bureaucrats at the European Commission as an evil. They are unwilling to accept one thing: that without supranational regulators to police competition policy, state aid payments and non-tariff barriers to trade, and the single market would not last long.⁸¹

⁷⁸ Ibidem and S. Bulmer, M. Burch, *The Europeanisation of UK Government: from quiet revolution to explicit step-change*, http://www.mzes.uni-mannheim.de/projekte/typo3/site/fileadmin/research%20groups/1/teamB-reader/Bulmer%20%26%20Burch_The%20Europeanization%20of%20UK%20government.pdf.

⁷⁹ Ibidem.

⁸⁰ D. Rennie, *The Continent or the Open Sea: Does Britain have a European future?* Centre for European Reform, http://www.cer.org.uk/sites/default/publications/attachments/pdf/2012/rp_096_km-6277.pdf.

⁸¹ Ibidem.

Within the Conservative Party, two big, overlapping schools of thought now dominate. A smaller, hard – line faction is already convinced that single market access via full EU membership is not worth the price that must be paid in budget contributions and red tape. They would like Britain to secure a free trade pact with the EU, turning the country into a bigger Switzerland. A larger group would like to use the evolving eurozone crisis to renegotiate with the EU lower – cost, lower – regulation membership fees. Both camps cite statistics about Britain's trade deficit with the EU to argue that continent would have to negotiate a new deal, because Britain is too valuable a market to lose.⁸²

Since its refusal to sign the budgetary stability pact on which the 27 EU Member States came to agreement in December 2011, the British government has placed itself in a position of voluntary isolation in Europe. Apart from it, this decision also threatens the integrity of the single market. For more than fifty years, a fundamental principle of Britain's foreign policy has been to be present when EU bodies take decisions, so that it can influence the outcome. David Cameron has abandoned that policy.⁸³ Cameron's veto ended consistent acquiescence to the necessity of engagement. He prioritised party political interests ahead of national ones and he secured no safeguards for Britain. His hesitancy also adds to the doubt as to whether the EU can overcome its problems: failure to do so will be disastrous for Europe and for Britain.⁸⁴

David Cameron took the biggest gamble of his political career on 23rd January 2013 with a historic speech offering the British people an in-or-out vote on membership of the European Union. He said he would negotiate a more flexible arrangement with the EU which would include the repatriation of some powers – and then put the result to the British people in a simple in-or-out referendum in about five years' time.⁸⁵ In his long-

⁸² Ibidem.

⁸³ Ch. Grant, *Britain on the edge of Europe*, [http:// www.opendemocracy.net/print/63116](http://www.opendemocracy.net/print/63116).

⁸⁴ H. Parr, *Cameron's veto: a calamitous break with the past?*, http://www.historyand-policy.org/opinion_83.htm.

⁸⁵ I. Dunt, *No turning back now: Cameron promises in-or-out EU referendum*, [http:// www.politics.co.uk/news/2013/01/23/no-turning-back-now.htm](http://www.politics.co.uk/news/2013/01/23/no-turning-back-now.htm).

delayed speech on Britain and the EU, he pledged to campaign for a Yes vote. But its implicit message to Britain's partners was: "Give us what we want, by the deadline that we specify, or we may well leave the EU".⁸⁶ Many other Europeans consider that not far short of blackmail.

D. Cameron had to promise a referendum in order to maintain control of his own party. Had he failed to do so, the Conservatives' most eurosceptic backbenchers, who want a referendum to propel Britain out of the EU, would have become even more rebellious than they are already. And some Conservatives who want to stay in the EU believe that only a referendum can undermine the surge of support for the United Kingdom Independence Party (UKIP), which threatens to deprive the Tories of many seats at the next general election.⁸⁷ Promising an EU referendum is going to help him achieve his number one priority: re-election. D. Cameron may have increased his chances of winning an outright majority in 2015. But it depends: if he is deemed to have got a good deal for Britain, he will probably win the support of the British people and, more critically for him, the bulk of his party. He thinks that he will be able to achieve a deal that satisfies the skeptics, neuters the rise of UKIP and keeps Britain in the EU. This is Cameron's biggest gamble. He outlined Britain's primary interest in being in Europe is the single market, called for the EU to do away with its commitment to "ever closer union".⁸⁸

The danger of D. Cameron's referendum strategy is that it assumes Britain's partners will allow it to "repatriate" powers in areas it dislikes. But they will not do so, because if one country was allowed to pick and choose the bits of the EU it subscribed to, others would demand the same privilege. Once countries were allowed to opt out of the rules they dislike, the single market would soon dismantle. So a Cameron – led government would risk returning from the renegotiation with a very minimal "better deal for Britain" that many in his own party would oppose in a subsequent

⁸⁶ Ch. Grant, *Cameron's optimistic, risky and ambiguous strategy*, Centre for European Reform, <http://www.cer.org.uk/print/3285>.

⁸⁷ *Ibidem*.

⁸⁸ A. Stevenson, *Cameron's Europe speech analysis: 2015 trumps 2017*, <http://www.politics.co.uk/comment-analysis/2013/01/23/cameron-speech-analysis.htm>.

referendum.⁸⁹ At the same time Ed Miliband, the Labour Party's leader, has so far avoided a precise commitment to an in-out referendum. But if Conservatives appear to profit from their referendum promise, it will be hard for him to resist a similar pledge. If Labour won the next election having made such a promise, it could not credibly seek to renegotiate British membership, since it does not want to repatriate powers to the UK. So, a Labour government could find it hard to win an in-out referendum with the terms of EU membership unchanged.⁹⁰ Even if Labour wins the next election opposing a referendum on EU membership, at some point in the future there will be another Tory government which will almost certainly hold such a referendum. Therefore those who value Britain's membership should treat the Cameron's speech as a wake-up call to come up with a convincing agenda for reforming the EU and explain to the British people why they are better off in.⁹¹

CONCLUDING REMARKS

Membership in the European Communities has had considerable implications for British parties and the party system. Both major parties have been split over Europe. Labour was deeply divided on the issue from the 1960s onwards.⁹² They became far more pro – European under T. Blair premiership.⁹³ Conservative divisions date back at least as far as Labour's, but were initially less disastrous for the party. Conflicting attitudes towards

⁸⁹ Ch. Grant, *Britain's slide towards the EU exit*, Centre for European Reform Annual Report 2012, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2013/annual_report_2012-6956.pdf.

⁹⁰ *Ibidem*.

⁹¹ *Ibidem*.

⁹² It was the European issue that was a major factor in the 1981 Social Democratic Party (SDP) split from Labour and it helped ensure Conservative dominance for 18 years. See: A. Nicholls, *Britain and the European Communities: the historical background*, London 1990, p. 134.

⁹³ T. Blair emphasised, that "for the first time in a decade Britain sets a positive agenda for Europe". Nevertheless, he also pointed out, that his government "ensured continued protection for our essential interests in all the areas in which we sought it". See: A. May,

Europe caused tension within M. Thatcher's last administration, but became far more damaging under J. Major, threatening the survival of his government. These divisions helped to undermine any immediate prospects of the Conservative Party recovery after the landslide defeat of 1997.⁹⁴ It is worth mentioning that the European issue has also spawned new parties with some impact on the British political scene. Thus the single issue Referendum Party appeared a threat to the Conservatives in 1997. Apart from it the UK Independence Party managed to win three seats in the European Parliament elections in 1999.⁹⁵

Britain initially failed to engage with the movement for European integration, because of a continuing illusion of world power status, the special relationship with the United States and continuing ties with the Commonwealth. One of the factors which impelled Britain to seek membership in the European Communities in the 1960s was the disparity between British economic growth rates and those of "the Six". Britain was unfortunate in entering the EC just when the economic crisis of the 1970s began to take effect. Its membership was therefore associated with economic dislocation and recession rather than growth.⁹⁶ Britain eventually joined the European Communities in 1973, but it was too late to have an influence on the EC institutions and policies.

Britain used to be perceived as an "awkward partner" in European affairs. This view is only partly justified. Based on its very specific understanding of national sovereignty, Britain has developed a much more pragmatic and instrumental approach towards European integration than most of its partners on the continent. Nevertheless, the country was a strong driving force in favor of integration in many crucial policy fields

op.cit., p. 89. While Blair had ended one "opt-out" on the Social Charter, but negotiated another – on the incorporation of the Schengen agreement. Ibidem.

⁹⁴ They won 418 seats in the House of Commons, while the Conservatives 165, <http://www.labour.org.uk>.

⁹⁵ <http://www.europa.eu>.

⁹⁶ However, in the 1980s, Britain achieved an average growth rate of 2.2% a year, compared with 2.1% for France. See: P.M. H. Bell, op.cit., p. 237. The EC membership also played a crucial role in attracting investment from abroad. In 1991, 53% of all Japanese direct investment in the EC came to Britain. See: G. Stephen, op.cit., p. 95.

like: the single market and trade policy or the EU expansion in 2004. Britain's membership in the European Communities has always been selective, in accordance to its national interests only, mainly in the economic dimension. When exclusion from the Communities could threaten national interests, Britain has always accepted the need for its membership in the "United Europe".

The current British government has no intention of walking out of the EU, but it would be a mistake to assume that sullen British acceptance of the *status quo* will last forever. One way or another, the EU-UK relationship already looks much less stable than it has for a long time. The fact that Europe's financial centre lies in London, is a permanent source of tension between Britain and its partners. The common view across continental Europe is that the City is a hotbed of speculators bent on destroying the *euro*, and that the British government is hostile to regulating markets. Quite contrary, in many areas of financial regulation Britain was stricter than other European countries.⁹⁷

It is worth mentioning that Britain has already begun to disengage from the EU in the area of Justice and Home Affairs (JHA). The Lisbon Treaty says that in 2014 Britain must accept the authority of the European Court of Justice over all existing rules on police and judicial cooperation – or opt out of them as a block. It may then seek to opt back into some of them if its partners agree. However, opting out of the European Arrest Warrant, Europol, Eurojust and exchanges of information among police forces would endanger national security.⁹⁸

A lot of eurosceptics regard the Swiss or Norwegian models as possible alternatives to EU membership. But it is not a viable option for Britain. The Norwegians are increasingly unhappy with the arrangement by which they have to adopt single market rules but that they cannot vote. The Swiss,

⁹⁷ P. Whyte, *Britain, Europe and the City of London: Can the triangle be managed?*, http://www.cer.org.uk/sites/default/essay-city_london_july_2012-5492.pdf.

⁹⁸ H. Brady, *Cameron's European own goal: Leaving EU police and justice cooperation*, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2012/pb_hb_cameron_3oct12-6224.pdf.

too, have access to parts of the single markets, but their links with the EU have reached an institutional impasse.⁹⁹

A British exit from the EU would be hugely damaging to both Britain and the EU. Britain would lose the ability to shape the rules of the single market and perhaps access to parts of the market. It would therefore lose foreign investment (e.g. in the car industry and the City of London). And it would lose the ability to steer and benefit from the EU's trade – opening deals with other key economies – such as South Korea, Canada, India, Japan, Singapore and the US. Britain would also have less ability to influence global diplomacy on issues ranging from climate change to the Iranian nuclear programme to the pacification of Somalia. Some of the more federalist-minded European leaders would not be sorry to see the UK leave: it has always sought to slow or stop institutional reform or treaty change. But the majority of Europeans would regret a British departure. An EU minus Britain would be more inclined to protectionism and less interested in deepening the single market. Deprived of Britain's diplomatic clout, the EU would have less capacity to influence global security challenges. And any attempt to build an EU defence capacity without the UK would be very limited.

From the British perspective the most important is the economic factor, especially the country's trade relations. The European Union remains by far the biggest destination for UK trade in goods (with a 53.5% share exported to the EU).¹⁰⁰ Membership of the EU customs union and the free movement of goods with the absence of tariffs and rules of origin remains a benefit to UK firms exporting to the EU. The UK has been instrumental in developing the Single Market in goods and promoting EU enlargement, which has helped to generate new markets, increased competition and reduced costs. From purely a trade perspective, EU membership remains

⁹⁹ Ch. Grant, *Britain's slide...*, op.cit.

¹⁰⁰ In services trade, the UK is less dependent on the EU market (39% of exports). The UK is also less reliant on the EU market than the other major member states but it relies on the EU to negotiate on its behalf for greater market access to third countries, with non-tariff barriers to trade of increasing importance. S. Booth, Ch. Howarth, *Trading places: Is EU membership still the best option for UK trade?* <http://www.openeurope.org.uk/content/documents/pdfs/2012EUTrade.pdf>.

the best option for the UK. All the alternatives (like the Swiss, the Norwegian or the WTO option) come with major drawbacks and would all (except for the WTO option) require negotiation with and the agreement of other member states, which would come with unpredictable political and economic risks. This means that negotiating a new UK relationship with Europe outside the EU Treaties (i.e. leaving the EU), would present similar difficulties such as renegotiating membership terms while remaining a member of the EU. Therefore, there is not currently a compelling trade case for EU withdrawal.¹⁰¹

However, there are three factors that could alter the cost-benefit analysis of the EU in future: a) If EU trade liberalization stalls over the long-term, b) If the EU moves in a more protectionist direction in the wake of the eurozone crisis, c) If the EU prevents the UK from taking advantage of growth opportunities in non-EU countries in future trade talks (the UK relies on the EU to negotiate on its behalf, which can be a disadvantage if UK interests are watered down as part of an EU compromise deal. In light of these trends and an increasingly sceptical UK public the UK government should seek to achieve a new model for EU cooperation based on different circles of EU membership. In this structure, the UK should remain a full member of the single market, but take a “pick and mix” approach in other areas of EU policy. This would achieve a vital reduction in the non-trade costs of EU membership (such as the EU budget), while allowing the UK to remain at the heart of the EU’s cross-border trade. As the eurozone is likely to need a new set of EU Treaty arrangements to move towards further integration, which the UK must approve, Britain will have a unique opportunity to stake out its own model for EU membership.¹⁰²

¹⁰¹ *Ibidem.*

¹⁰² *Ibidem*