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**The UNITED KINGDOM IN THE
EUROPEAN UNION:
THE POLITICAL, ECONOMIC
AND SOCIAL EFFECTS
HAS THE UK BEEN EUROPEANIZED?**

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THE UNITED KINGDOM IN THE EUROPEAN UNION

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AND SOCIAL EFFECTS:**

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*TO MY MOTHER, AND MY MOTHER ALONE WITH GREAT
LOVE AND ADMIRATION*

Declaration

I hereby declare that the substance of this dissertation is entirely the result of my own investigation and that reference or acknowledgement is made, wherever necessary, to the work of other researchers.

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I wish to express my profound gratitude to Dr Mansouri for his very useful guidance, his constructive observations which have made this research work possible.

Throughout the accomplishment of this work, I have faced many periods of difficulties until I have lost faith and hope. It was precisely during these moments of crisis that some people – dear to me – have shown much support and help and more importantly they have believed in my abilities to carry on and to do my best. I am honoured to name these people: they are my mother, Dalila Zerara, at first hand and my beloved friend, Reguieg Shahrased, who despite her young age has manifested much wisdom and serenity. They have had a very positive impact on me – a fact I will never dare to forget or ignore.

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Abstract

The focus of this research is in the area of exploring the troubled relationship between the UK and the EU in an attempt to find out what kind of impact do they have upon each other – despite the many disagreements. Such a study is important in order to highlight the fact that in spite of the differences, the UK witnessed several changes after its joining in 1973. These changes are manifested at the level of politics when its main political parties have been greatly affected by the different mechanisms coming from ‘Europe’. Some parties have even shown some signs of being Europeanized. In economics, the research study attempts to demonstrate that the EU’s impact on Britain’s economy is restrictive in the sense that Britain is not fully involved with all aspects of EU doings such as the EMS – although she joined the ERM for very short a period so that eventually she was hit out from it - , the EMU and the single currency, and differential in the sense that some policy areas are affected more than others such as agriculture (with the CAP) and trade (with the SEA). Eventually, the third chapter deals with the impact of the Social Chapter on Britain’s industrial relations by measuring the extent to which they have been Europeanized. It also tackles the effect(s) that the 2004 and 2007 EU enlargement had on the British society by emphasising the dilemma that she has had to face although she was not a full member of the Schengen area.

The research approach opted in this dissertation includes the Historicist one next to the Europeanization concept. The findings from this research provide evidence that indeed there are some elements in which Britain has successfully been Europeanized to name but a few in its industrial relations, immigration policies and even at the level of politics where some of the regional parties did not hesitate to Europeanize their policies.

The main conclusion drawn from this study is that after having joined the EU, Britain is less likely to withdraw, with regard to the benefits she reaps every year especially in the economic sector and the way the British society has altered its view towards Europe.

INTRODUCTION

The European Union is a theme which might appear simple, but which becomes more complicated as soon as we attempt to approach it. One of the reasons is the diversity in which people of this Union live if we take into consideration national or regional belonging, cultural heritage, language, religious persuasion, social status and last but not least but – it seems to me - more importantly they have different history which might give the impression of being more gladiatorial than harmonious. This Union has come after a long ‘debated’ and debatable past of isolation which lasted for centuries throughout the European continent which was followed by other centuries of conflicts about exploring and dominating the world during what was known as ‘the rat race’. So that in the modern world, the ‘Europeans’ decided – despite the seemingly contradictory differences – to assemble and unite in order to be able to survive in an age of blocs and conglomerates and be strong in the face of these major emerging globalized powers. Can the European Union make this possible with a multiplicity of identities and juxtaposed European civilizations? In order to achieve this unity, European nations need to transcend their differences – no matter how intimate they are. This has proved much challenging, and of course difficult, both to the people and the Union as an institution to accomplish. Some even went further to claim that this is a utopian objective since they believe that the European Union was not built on a shared belief and sentiment which might have urged the people to approximate. The European identity is a major challenge that lies ahead.

However, some have shown their worries about this European project, which has become fragile more than ever. Some might even foresee a possible end to this historical European economic and political construction. A possible end in the form of folding or breakdown due to this succession of Irish and Icelandic bank failures, the crisis of the Greek and Portuguese sovereign debts. As a result, the Euro may not resist it, causing the European Union to break down. The economy of the EU, which holds the seventeen nations that use the Euro currency and ten others, is a larger economic bloc than the United states or China, is by now threatened by uncertain future since Europe’s economy is overshadowed by the threat of financial collapse. On the other hand, European leaders have been working hard in order to dispel the crisis that has been plaguing the European economy for the last couple of years. Despite the many

rescue plans that have been introduced to safeguard the Euro, and eventually the European economy, yet the European financial crisis is still in emergency. Now, if one takes into consideration Britain's place in the midst of the various European issues, then, a lot might be said about the dual relationship between the UK and the EU.

Since Britain joined the European Community (EC) in 1973, she had been on the edge of many key developments initiated at the European level. To name but a few of these crucial events, Britain did not join the first supranational European organization, the European Coal and Steel Community (ECSC), when it was founded in 1951; and she did not take seriously the Messina negotiations in 1955 which led to the Treaty of Rome in 1957. When the UK successfully joined the Common Market, she experienced divisions within and between the main parties in the late 1960s and 1970s on membership; as a result, she sought a renegotiation of the terms of accession in a referendum in 1975. As a result, it has been argued by many academics, among them Stephen Wall in A Stranger in Europe (2008), that Britain was/is an *awkward* member of the EEC.

To understand this troubled relationship between the UK and the EU, it is important to throw some light to the background that might vindicate the 'awkwardness' in the nature of the relationship between the UK and the EU. It is needless to say that Britain had always had moments of crisis before and when she joined the EC. This is because Europe interferes in vital matters about the UK's international position, about national self-understanding, about Britain's economy, political system and policy primacies. Through treaties, acts and directives, most European member states have accepted the changes brought by the EU at their national level. The UK, on the other hand, has been less passionate and ardent when compared to other members. As Britain is a freedom lover country, it has always been difficult for her to accept to be directed from a *distant* land and from *unknown* and *unaccountable* people.

When the EC was still an embryo, the UK preferred to remain on the side by taking the role of an observer instead of playing the key part and be one of the founding fathers of the growing project. Since her accession, Britain spent a good deal

of time wrestling about the EU's nature, procedure, scope and orientation. Britain's late entry has had deep effects on the nature of the relationship with Europe because all suggestions, propositions and even problems would have been taken seriously if she was in 'the heart of Europe' instead of being on the margin. For every time, Britain had to fight hard in order to get what she asks for. The budget rebate, the Common Agricultural Policy, the Common Fisheries Policies are among the best examples to be named. Time and again, the UK has lost a lot of time in her negotiations that relate to EC matters. This can be considered as an apparent flaw at the very centre of British politics.

Britain's relation with Europe has often been believed to be based on pragmatic estimations about costs and benefits rather than any connection to European ideas and objectives. Britain did by no means appreciate or share the EU in its ultimate goal of reaching political union and unity via economic union and social cohesion. When the French President De Gaulle was in office, he vetoed all Britain's applications. One of the main reasons was his fear that Britain would play the 'Trojan horse' game – once she is in, she would like to decide and control the other member states according to her interests. However, the UK was not successful at this; and yet she carried on with its profiteering attitude towards the EU.

When Tony Blair took office in 1997, his approach to Europe was made quite clear; he attempted to establish a strong relationship with both sides the EU and the US as he believed that no one is better than the other, they are equally important partners that are not to be ignored. He even aimed at making the UK a bridge that links between the two associates, therefore, when they work together, they will end by making their relationship more durable. Blair's approach and that of Winston Churchill before him¹ pushes one to think about the UK's role within the EU on the ground of reality, especially that the EU started to show aspects of European integration. The European Community appeared and started its first steps in the course of the Cold War and was formed of capitalist economies of Western Europe. However,

¹Churchill's 'three circles' description imply that the UK has a central place with the entire Commonwealth, the US and Europe. However, when it was high time that Britain was about to join the EC, she lost her strong economic ties with the Commonwealth countries. Now, what links the Commonwealth countries together are mainly cultural connections.

by the end of the War, the EC confronted the defiance of complying with the ‘new Europe’. *“This immediately makes the point that the EU and Europe is not one and the same thing. The two terms [Europe and integration] cannot be transposed... what is significant about the EU, and distinguishes it from other organizations, is that it is supranational”*².

The primary research questions, which are the basis for data collection and arise from the purpose of the study, are: what is the nature that characterises the relationship between the UK with the EU since it joined the six founding members in 1973? Why, despite the existence of many differences between the two actors and also the rise of the Eurosceptic wing within the main political parties and the statistics which showed the non-enthusiastic attitude of public opinion and yet, the UK continues its membership of the EU and does not officially and decisively suggest its withdrawal? Does this suggest that UK’s attitude towards ‘Europe’ has changed since its adherence to the Community? If so, why and how did the UK become more open towards ‘Europe’? Having said that, there must be an impact from both sides influencing each other, how can this impact be measured, and what are the most noticeable areas that have been affected?

As many changes took place after the Second World War, one might wonder, how this could affect Britain and her relations with Europe. Therefore, the intended use of the Historicist approach is of a significant purpose. It is important to understand the historical background in which Britain joined the EC in 1973, because this might vindicate her reactions ‘vis à vis’ European initiatives. It helps understand why the UK/EU relations have developed to become what they are at present. Indeed, Britain has affected the EU in many ways, but the latter’s effect is more apparent as it will be shown throughout the research.

The Historicist approach has proved to be of high importance to this research as it provides a thorough view to a given event happening at a given point in history where it shows exactly what happens during and around that particular event. The latter was produced by certain factors and it, in turn, produces another (or other)

²Andrew Geddes, The European Union and British Politics, (2004), p34-35.

event(s); that is, it was already an effect to another event and so it engenders other effects. As an illustration, one can select the Bretton Woods system. This latter was an outcome of the deteriorating economies after the Second World War. It was introduced in order to guarantee international monetary reconstruction and stability of the members who accepted to join the Bretton Woods Agreement. It, in turn, has produced effects on the UK (particularly since it is the object of this subject). These effects can be manifested in the fall of the pound sterling as a first global currency. As a result, Britain's economy started to deteriorate and so did with it the British Empire when the 'wind of change' blew over its ex-colonies. Not only did the emergence of Bretton Woods Agreement had an impact on Britain but the effects of its collapse was so apparent on European economies when it led to currency instability with the revaluation of the German Mark and the devaluation of the French Franc. The collapse of such an international system gave birth to a crucial event in Europe namely the Werner Plan in 1970. The latter introduced the "snake system" in which EC currencies are inside narrow limits against the dollar 'the tunnel'. The Historicist approach shows that any given event was shaped and it shapes and by so doing it makes part of history.

Since Britain joined the Common Market in 1973, the British society as a whole has seen different changes. Important adjustments have occurred also in politics and economy, whether the Community or Britain intended them to happen or not, is difficult to tell. Because the source of those transformations originates from Europe, the particular fields that are affected are said to be *Europeanized*. However, the term Europeanization is just like globalization, it can be used as an entry-point for a more understanding of the major changes taking place in British politics, economics and society³.

This work is a modest attempt to find out more about Britain's relation with the EU. It seeks also to investigate the extent to which both sides the UK and the EU influence each other, if they ever do. It particularly highlights the usefulness of the EU to the UK. The whole idea of examining the relationship between the UK and the EU is by no means totally new, but the tools how to approach it are new and this is by

³ C. Radaelli, K. Featherstone, (2003), The Politics of Europeanization, p 3.

using the Europeanization concept. This study has looked at this topic from a different angle with the help of such concept.

Next to the Historicist approach, this paper employs the Europeanization concept as a tool to approach the different points raised in this analysis; it is necessary to begin by discussing and clarifying the concept of Europeanization, because assertions and arguments cannot be backed without being explicit about the meaning(s) to be used in this study. In an attempt to define Europeanization, many scholars and researchers cited different uses to this term. Robert Ladrech, Professor of European politics, was among the first scholars to be interested in this concept. He defined Europeanization as “an *incremental process reorienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organizational logic of national politics and policy making*”⁴. Nevertheless, in “Europeanization and Political Parties: Towards a Framework for Analysis” (2001), Ladrech labelled Europeanization as “a *process of change and adaptation which is understood to be a consequence of the development of the European Union*”. Birgit Sittermann in “Europeanization – A step forward in understanding Europe?” stated that “it must not be forgotten that Europeanization is quite a young concept”⁵; and that “the lack of a grand theory of Europeanization is therefore not a surprise”⁶.

Indeed, many scholars have had difficulties and even ‘confusions’ with reference to how to approach the concept of Europeanization, due to its complexity and multi-dimensional effects. Speaking of the latter, there is a need to bear in mind that when dealing with the Europeanization concept, one might perceive that the effects are likely to be different because they depend on the extent of EU competence in specific policy areas. In other words, certain parts are more touched than others because the EU’s sphere of activity does not expand through all policies.

⁴ M. Burch, S. Bulmer, (2000), “Coming to Terms with Europe: Europeanisation, Whitehall and the Challenge of Devolution», Queen’s Papers on Europeanisation No. 9/2000, accessed via <http://www.qub.ac.uk/schools/SchoolofPoliticsInternationalStudiesandPhilosophy/FileStore/EuropeanisationFiles/Filetoupload,38438,en.pdf>, p 03.

⁵ [http:// nez.uni-muenster.de](http://nez.uni-muenster.de)

⁶ M. Cini (ed), (2003), *The European Union Politics*, , p 346.

Though it is difficult to give a precise meaning of 'Europeanization', it is crucial to set the term within defined limits that will be known throughout the research. In The Politics of Europeanization (2003), Featherstone and Radaelli claimed that:

Europeanization' has little value if it merely repeats an existing notion. It is not a simple synonym for European regional integration or even convergence, though it does overlap with aspects of both. As a term for the social sciences, it can range over history, culture, politics, society, and economics. It is a process of structural change, variously affecting actors and institutions, ideas and interests.

In other words, Europeanization as a concept is not restricted to a particular field of study, but stretches to a variety of grounds. He further adds:

Europeanization consists of processes of a) construction, b) diffusion and c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things' and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and subnational) discourse, political structures and public policies.⁷

It is equally imperative to know what Europeanization is not in order to make such a concept more comprehensible and coherent for the reason that making it clear what a concept is not is just as vital as identifying what it is. Robert Ladrech admits that Europeanization is:

[N]ot convergence – policy or otherwise, although convergence may be one dimension of Europeanization, but it may also produce divergence; it is not harmonisation, as Europeanization may result in regulatory competition, for example; and it is not political integration, as Europeanization is a consequence of European integration⁸.

Moreover, Europeanization is, broadly speaking, “a term that is employed to label or describe a process of transformation and starting from early 1990s, many scholars have used Europeanization as a tool for analysis of different aspects of this

⁷Claudio M.Radaelli, “Europeanization: Solution or Problem?”, (2004), European Integration Online Papers (EIoP), Vol .8 N°16, <http://eiop.or.at/eiop/texte/2004-016a.htm>, p03.

⁸Robert Ladrech, “Europeanization and Political Parties:Towards a Framework for Analysis”, (2001), School of Politics, International Relations and the Environment (SPIRE), Keele University, Staffs, ST5 5BG, UK, p 04.

transformation’⁹. In this regard, Dyson and Goetz in Germany and Europe and the Policy of Constraint have identified ‘two generations’ of Europeanization studies with the ‘first generation’, that can be traced back to the 1970s, ‘*was equivalent to the European integration and was a ‘top-down’ process imposed by the European level*’¹⁰. The Top-Down perspective was one of the characteristics that marked first generation analyses. It investigates:

*[t]he impact of the EU on the member states, concentrating on the changes in domestic structures, procedures and politics triggered by the EU. This attitude came from the assumption that there was a general EU-pattern, to which all the member states should adjust. Incorporation of the EU provisions and politics into the national systems was called downloading.*¹¹

With the growing of conceptual studies of Europeanization, the Top-Down approach was viewed as partial and unfinished. Therefore, as early as in the late 1990s and early 2000s there emerged what is labelled as second generation Europeanization study. Next to Ladrech, C. M. Radaelli claims that the Top-Down perspective in Europeanization is ‘*far too static and simple*’¹². Therefore, he suggests that in order to best understand and assess the Europeanization progression it is essential not to nullify the previous perspective but to establish a new one which acts as a rather continuation and complementation to it. This is the bottom-up perspective. Therefore, the second generation scholars rely on, already, both top-down and bottom-up views. The Bottom-Up perspective is essentially about the influence of the member states on the European Union structures and policies. Among the fields of interest and prominence of the bottom-up perception is emphasizing on the differential influence of Europe

⁹ Second-Generation Europeanisation Research and Beyond: Power, Resistance and Identity in Turkish Domestic Politics, <http://www.uaces.org/events/calendar/event.php?recordID=470> (accessed: 23/01/2012).

¹⁰ Idem.

¹¹ Marta Lackowska-Madurowicz, “Europeanization – Fashionable Notion or Inspiring Conceptual Frames?”, Vol. 15/2011, pp. 41-61.

¹² Birgit Sittermann, “Europeanization- A Step Forward in Understanding Europe?”, http://edoc.vifapol.de/opus/volltexte/2011/3451/pdf/Sittermann_Literature_Review_Europeanisation_FINAL2006.pdf .

(EU) on the member states. It casts ‘*greater emphasis on politics, e.g., identities, electoral behaviour, parties and party systems*’¹³.

Therefore, this research employs the Europeanization approach by using bottom-up and top-down perspectives. However, the many contrasting relations between the EU and its member states (in our case Britain) are not restricted only in ‘*vertical*’ interactions (top-down or bottom-up), but they can be ‘*horizontal*’, that is, interactions across member states. An important gain of employing these angles is that it averts the naive notion that European integration simply comes about to the UK. This combination of the different perspectives used here unravels and sheds some light into the nature of the relationship between the UK and the EU by detecting some key changes or continuities in British politics in general, and main parties’ policies vis à vis the EU in detail.

But when speaking of Europeanization another issue comes up: which Europe do we refer to? Therefore, it is targeted in this chapter to account for Europeanization from a political science perspective. Knowing that Europe does not consist of only the EU as a political institution, and that there are others as the Organization for Security and Co-operation in Europe (OSCE), the European Free Trade Association (EFTA) or the Council of Europe, then it is intended to take the concept of Europeanization in the context of what Radaelli (2003, 27) terms as the ‘*EU-ization*’. Marta Lackowska-Madurowicz claims that the latter “*did not enter the scientific vocabulary, because of its rather awkward form, yet the core of the suggestion remains valid*”¹⁴. Thus, the EU-ization can be taken to mean national adaptation due to EU influence. As a consequence of this influence over the member states, domestic change and adaptation caused by Europeanization might be of different types. Ian Bache, in his article “*Europeanization: A Governance Approach*”¹⁵ (2003), has set a typology of the various processes in which Europeanization is taking place and, as a result, is having effect upon British politics. Moreover, Bache has distinguished between Europeanization that is “*voluntary (i.e., embraced by key*

¹³Ian Bache, (2003), ‘Europeanization: A Governance Approach’, p 06.

¹⁴Lackowska-Madurowicz, (2011), pp. 41-61.

¹⁵<http://aei.pitt.edu/554/>. See also Ian Bache and Andrew Jordan, (2006), “Europeanization and Domestic Change”, in Bache et al (eds), The Europeanization of British Politics,

*domestic actors) and coercive (opposed by key domestic actors)”¹⁶. He further distinguished between direct and indirect effects. Hence, ‘voluntary-direct’ is a planned impact by the EU and willingly accepted by the member states; while ‘voluntary-indirect’ is unplanned impact by the EU, yet what the member states do is “adopting EU approaches to regional policy in domestic regional policy”¹⁷. On the other hand, ‘coercive-direct’ Europeanization is the intended impact by the EU, and though it is opposed by the member states, it remains forcibly accepted by them; whereas “coercive-indirect refers to spill over consequences of coercive-direct Europeanization in one area to another”¹⁸. In fact, voluntary-indirect Europeanization is often referred to as *informal Europeanization* because “if **formal** Europeanization is deemed to mean the conformity of EU members’ practices to EU directives, the informal nature of the convergence phenomenon lies in the fact that convergence is neither planned by EU institutions nor enforced by them.”¹⁹ That is, EU Member States may adopt policies engendered by EU institutions with their own will, which initially they have not been obligatory on behalf of the EU.*

Britain has indeed witnessed many changes at the levels of politics, economics and society, and this is mainly – as it was shown throughout the research – due to the Europeanization factor. However, is the latter the only sources of domestic changes or are there other sources of change? This indication may engender a serious analytical problem when dealing with Europeanization and this is due to the fact that there exist many possible sources of change. “Only the most determined conspiracy theorist could imagine that all political change in the UK can be linked to the EU”²⁰. It has also been argued that if one links all the changes occurring in Britain as a result to what comes from Brussels, then, “this is likely to be too simplistic”²¹. Therefore, one may well say that all the laws and Directives initiated by the EU are amid various constituents of the different changes taking place in Britain.

¹⁶Bache, 2003, p11.

¹⁷Idem.

¹⁸Idem.

¹⁹ Silvia Cavasola, “The Informal Europeanization of EU Member State Immigration Policies”, (2012), Instituto Affari Internazionali Working papers 12/25, p10.

²⁰ Andrew Geddes, David Richards, Dennis Kavanagh and Martin Smith, *British Politics*, p 157.

²¹Idem.

This research study has been divided into three chapters. The first chapter delivers a discussion of the impact of the EU on the British political parties, namely the Conservatives, the Labour Party and the Scottish National Party. The main effect would be seen on this division within the party itself especially with the rise of scepticism which proved to be visible not only the Conservative Party but also in Labour. However, it was the latter which manifested signs of Europeanism by the 1980s while the Conservatives seemed to sharpen their sceptic attitude even more. As concerns the Scottish National Party, it proved more pragmatic towards Europe as it aimed to make Scotland in 'Europe' for the sole objective of bringing independence to their country. The chapter also further debates the question of whether these parties have been Europeanized, and if so, then, to what extent.

The second chapter provides an analysis of the economic effects. It tackles, especially, the changing role of the UK by taking into consideration the different events that took place and which had direct impact on Britain's economy. Among the most striking events that would be tackled is the budget rebate which had created much debate until Mrs Thatcher, in 1984, could solve it; the Common Agricultural Policy (CAP) was totally related to the budget rebate which made of Britain a net contributor. The CAP was increasingly unpopular among the British as they viewed that it harmed the British agriculture and economy more than it benefited from it. As regards the Single European Act, which Mrs Thatcher signed, had made the Conservative Government much at ill-ease. This research paper will also look at the importance of the Single European Act to the UK and the motives that led the Conservative Government to sign such an Act so that to be able to figure out what role did the UK play to help boost the single market, if so, to what extent ? The analysis of the economic effects would look at the three central structures of the EC, namely the Common Market, the Common Agricultural Policy and the budget. These make the three constituents of the EC's character. The second chapter will also open debate to key elements that pushed the UK not to join the Economic and Monetary Union and eventually the single currency. This debate will also allow for an assessment to the costs and benefits of Britain's isolationist attitude towards the Economic and Monetary

Union. This research study, therefore, will mainly concentrate on the agitated side between the UK and EU relations in economics.

Eventually, the third chapter is also an attempt to examine the social effects. The first part of the chapter deals with Britain's industrial relations, particularly when Britain signed the Social Chapter which John Major secured an 'opt out' option from it in the Maastricht treaty 1992. The adoption of the Directives initiated by the Social Chapter has had a considerable impact on Britain's trade and work affairs. The second part highlights Britain's immigration policies by discussing the evidence that the UK is losing control over its immigration policies despite the fact that she is not a full member of Schengen area. When one looks at the number of immigrants coming to Britain especially after the 2004 enlargement, one would judge that the UK is just like any other EU Member state who is part of the Schengen area. This had a remarkable impact on Britain's employment sector, which is deeply felt among the ordinary British. This fact will also spark a discussion over the possibility that Britain's immigration policies have gone through the Europeanization process. The chapter, therefore, will discuss the Social Chapter and its effects on the UK and the conceivable Europeanization of UK's immigration policy.

CHAPTER ONE

The Effect(s) of the European Union on the UK's
Political Parties

The rise of scepticism within the Conservative Party

A great deal of research; using both Historicist approach and Europeanization concept, deal with the effect of the EU on British political parties. Therefore, this analysis will investigate the impact of the EU over the political parties to find possible changes or adaptations at the party-level, and examine the position(s) of each party vis à vis those changes via analysis of ideas and policy-making of each party. The parties to be dealt with are the Conservative Party, the Labour Party and the Scottish National Party.

To say that the Conservative Party has witnessed divisions because of the European issue is to state but the obvious. Since the accession up to this day the Conservatives have hardly been united over a single stance or ideology concerning European matters. Even before Britain had joined the European Community, there were crucial differences between the Conservatives, in terms of the ideology mainly, and the Continentals²² (the first six countries to form the ECSC). This opposition in views justifies the lateness of Britain's adhesion to the Community. By the establishment of the European Economic Community (EEC) in 1957, its founding members namely, France, Germany, Belgium, Italy, Luxembourg and Netherlands, believed that among the main reasons that led to the Second World War was in the excess of nationalism. So, they planned to create a united federal Europe in the aim of preserving long-lasting peace and stability. However, the Conservatives did not share the Continentals' view and went on to believe that the War had been caused by Fascism especially its German conception, Nazism. Besides, from the start, the EEC made it clear that it is a customs union following the mercantilist tradition. It adopted a protectionist economy where there would be a decrease in internal tariffs between member states, but where external tariffs would be imposed for non-member states especially in areas which were not protected by the General Agreement on Tariffs and Trade (GATT), the tariffs would be much higher. A good example of the customs union approach is manifested in the Common Agricultural Policy (CAP) which enacts very high tariffs on products coming from outside the Community. The other example

²²The first six countries to establish the European Coal and Steel and Community (ECSC) are France, West Germany, Netherland, Belgium, Italy and Luxembourg.

is that of the European Coal and Steel Community (ECSC), which became part of the EEC, was basically a protectionist alliance practising a customs union mentality. During the 1940s and 1950s, this was exactly what Britain under the Conservatives was trying to move away from. After the Second World War and in the Bretton Woods's discussions, Britain supported the deletion of tariff barriers as this suited her global economic interests in order to keep world trade moving. As a result, the EEC at the time seemed by no means attractive to the Conservatives. This led Britain to take a different way by creating the European Free Trade Area (EFTA) in 1960 whose members were: Britain, Austria, Denmark, Norway, Portugal, Sweden and Switzerland based on intergovernmental relations. As was expected, EFTA nullified tariff barriers so as to facilitate and enhance economic exchanges between its members. Moreover, by the beginning of the Cold War, the Europeans felt their continent did not hold power as it used to for centuries; on the contrary, they felt that the impact of the Cold War was leading into division of the continent as a result to global ideological struggle of the super-powers namely, the USA and the USSR.

In the midst of feeling insecure and the fear of being absorbed by either power, the founding fathers or the Continentals decided that through the EEC, Europe would be an alternative power to the Soviets and the Americans by making the European voice equal to that of the superpowers. On the other hand, the Conservatives have always maintained to keep the Americans as a strong and close ally. Their view was totally contrasted to that of the Continentals especially when the Conservatives and in the middle of the Cold War wanted to keep the USA having the principal role in NATO so as to keep security and stability. But, what would this cost Europe? When the EEC was still in embryo, the USA encouraged such an organization to progress and develop till they thought- wrongly- that the EEC was a Cold War organization which would become the economic arm of NATO. On this latter point, the Continentals were wide awake, thus, through their institutions, policies and treaties; they made it clear that that would not be the case.²³

²³Martin Holmes, European Integration: Scope and Limits, (2001), pp 13-15.

Despite the huge and crucial differences in views and beliefs, the Conservatives in the 1960s attempted to obtain EEC membership. Did they change their mind to come to terms with the Continentals, or were there justifiable reasons behind this U-turn? In retrospect, in the beginning of the 1960s, the Conservative Party started to realize that Britain's place in the near future was not going to be as in the previous century. Britain was witnessing the decline of her empire through the process of decolonization, which Macmillan depicted as "*the winds of change blowing through the continent of Africa*". Another factor that helped in the Conservatives' turn to Europe was the humiliation of the Suez Canal Crisis in 1956. This had serious consequences on not only the diplomatic relations between Britain and the United States, but also between Britain and other members of the Commonwealth in which Britain's reputation was seriously tarnished. On the other hand, the Suez's fiasco had had deep impact on the Conservatives Party. It led to the resignation of Anthony Eden, there were splits between the so called '*One Nation*' Tories, who were anti-empire and pro-Europe; and Empire Tories, such as the backbench Suez group, who were more pro-empire and who did not want to accept that Britain's political decline is related to the loss of her empire²⁴. Accordingly, as Britain's empire was fading away, her prominence as a worldwide power deteriorated.

In parallel, Europe was trying to heal her wounds of yesterday by setting up an organization with its own institutions and objectives. The Europeans understood that by uniting their forces through the EEC, they could become a third power in the world. The United States, and in a very early stage, could see the influential side of the EEC, therefore, it tried to build strategic and economic relations with the newly emerging Community. In comparison, EFTA in which Britain was a member did not look self-sufficient and thriving as the EEC. As a result, the Conservative government of Macmillan saw it high time for Britain to join the Community and catch up the train that was on the move. Equally important, Macmillan viewed that by joining Europe, Britain would act as a "*bridge between the EC and America*"²⁵, and by so doing

²⁴ Chris Gifford, *The Making of Eurosceptic Britain : Identity and Economy in a Post-Imperial State*, (2008), pp 38- 39.

²⁵ Gifford, (2008), 40.

preserve her 'special relationship' with the latter. A further reason for the Conservatives' U-turn was in their belief that in being 'in' Europe, it would be a continuation for Britain's influence in the world through the European project. This geopolitical objective was a purely Conservative strategy in which Britain's EC membership was linked, not only to her global prestige, but was necessary to maintain favourable relationship with the United States, knowing that the latter encouraged, or rather put pressure on Britain to join the EC in order to "*keep the Community from becoming an 'inward looking club'*"²⁶. In effect, Britain's decision to apply for EC membership was a manifestation to her dependence on the US.

Divisions within the Conservative Party started before Britain's accession to the Community. While Macmillan was suggesting and proposing the possibility and feasibility of Britain joining the EC, there emerged nascent evidence of the development of scepticism within the party. In the late 1950s and beginning of the 1960s, Britain was not a member of the EC yet, and there were first implications on the Conservative Party when opponents expressed their disapprobation of Britain's participation in the European integrationist project²⁷. A key argument of the opponents was the threat against the Commonwealth economic trade and the cultural ties that link Britain and the other members of the Commonwealth. This group stood at the right of the party and claimed '*Empire loyalism*'. They were worried about Britain's post-imperial future, as Europe for them was but a threat to their institutions and distinctive identity. As Walker Smith, a Conservative MP, noted that "*their [the European nation states] evolution has been continental and collective, ours [Britain's] has been insular and imperial*"²⁸. As a result, by the 1960s, the Conservative Party already had thirty to forty MPs who were opposed to Macmillan's programme of participating in the EC project²⁹. Though the opposition in the Party was not the majority, Macmillan's government pursued its policies of conducting Britain toward the Community. Macmillan's attempts were soon broken by De Gaulle's veto of the British application

²⁶Ibid, (2008), 42.

²⁷The European integrationist project refers to the process of political, economic, social and even cultural and legal integration of countries wholly or partially through the European Union and the Council of Europe.

²⁸Gifford, (2008), 46.

²⁹ Anthony Forster, *Euroscepticism in Contemporary British Politics*, 2002, p, 129.

in January 1963. In his veto, De Gaulle highlighted the differences in politics and economics between Britain and the Continentals. He said:

*England, in effect, is insular. She is maritime. She is linked through her exchanges, her markets, her supply lines to the most distant countries. She pursues essentially industrial and commercial activities and only slightly agricultural ones. She has, in all her doings, very marked and very original habits and traditions. In short, England's nature, England's structure, England's very situation differs profoundly from those of the Continentals.*³⁰

This was, nonetheless, ignored by Macmillan, and instead of considering De Gaulle's arguments carefully, "Macmillan persisted in his belief that Britain could change the EEC's essential character"³¹. Macmillan, along with his Party, had always believed that the EC is an 'immature' organization; therefore, it needs *Britain* in to be the leading member! This, however, proved to be an illusion because the EEC did not lack leadership; it is a federation based on Franco-German axis whose aim was to preserve economic and political stability in the continent. Moreover, as Britain in the 1960s was living in a relative economic decline, the Conservative government preferred to join Europe in order to avoid many radical unpopular policies so as to overcome the decline. Furthermore, it was thought that accession would better Britain's economic performance especially when the EFTA seemed to be much less efficient. Again, this was one of the Conservative Party's flaws as Britain did not get rid of her decline simply by joining the EEC. Besides, the latter has never proposed to remedy Britain's economic ills. Last but not least, the reason why the Conservatives attempted to make Britain go to Europe was that they were afraid that if Labour returns to power, it would go further in its socialism-oriented policies and make Britain move to the extreme left. The Treaty of Rome had triggered the Conservatives' enthusiasm towards accession due to the acts ensued in this treaty which made of the EEC to be labelled as a 'capitalists' club'. For the Conservatives, membership of the EEC would act as an

³⁰ John, Bercow. "Aiming for the Heart of Europe: A Misguided Venture". From The Eurosceptical Reader. Ed., (2001)

³¹ Holmes, (2001), 21.

obstruction to socialism through Labour³². However, the Community never proved itself to be a barricade to socialism- on the contrary, from the beginning there was a consensus between Social Democracy and Christian Democracy which has survived since the launching of the European project³³. As Holmes (2001, 22) rightly put it “*essentially what Conservatives have done is to look at Europe they would like to create, rather than at the EEC as it really is*”. This one-sided view of Europe had launched a ‘civil war’ within the Conservative Party and created permanent conflicts ever since.

By the time Britain obtained her accession to the Community on 1st January 1973, soon started the first signs of Top-Down Europeanization effect. In his campaign for British entry to the EC, Heath’s White Paper made to circulate to every household in 1971 promising that “*there is no question of Britain losing essential sovereignty*”, and that “*In no way would the British way of life be changed or Britain’s right to run her own affairs curtailed*”³⁴. Interestingly, shortly after her admission in the Community Britain, among other applicants namely, Norway, Denmark and Ireland, were asked to hand over to the Community their fishing waters as part of the Common Fisheries Policy (CFP). One of the main reasons that led the Community to impose the CFP was the fact that approximately 70-80% of the European fish stocks were to be found within UK National Waters. Britain, having just joined the EC, found herself obliged to accept all the Community’s legislation. This was already a direct coercive-voluntary impact on the part of the EC through the CFP. The latter with its disputing laws between hypothesis and reality showed the first contradiction to Heath’s promise that the EC would be no more than free-trading agreement. The CFP was widely unpopular among British fishermen as it is seen as a wasteful policy that damages the environment and fishing industry due to the practise of discarding surplus fish back to the sea. According to the United Kingdom Sea Fisheries Statistics 2008:

There were 12,761 fishermen in 2008. This is down 24 per cent since 1999 although there has been little change since 2003. Of these, 5,749

³²Holmes, (2001), p17,-18.

³³Ibid, 19.

³⁴ Christopher Booker, “Britain and Europe: The Culture of Deceit”, 2001, <http://www.brugesgroup.com/mediacentre/index.live?article=91#heath>.

were based in England (down 20 per cent since 1999), 995 in Wales (down 32 per cent), 5,392 in Scotland (down 26 per cent) and 625 in Northern Ireland (down 33 per cent). Part-time fishermen accounted for 20 per cent of the total, a proportion that has changed little over the last ten years.³⁵

This implies that the CFP legislation had negative effects on UK employment in the fishing industry -although these effects did not appear by the time when Heath was in office, rather they appeared until sometime later.

The successive Conservative Governments coincided with Europe going over a period of *transformation* in the character of the EC/EU where the latter started to adopt more integrative policies, economic and political. The pace of transformation was so swift and even faster than what the British policymakers during Thatcher's premiership might have expected³⁶. Most of these policies did not go exactly hand in hand with the Conservatives' perceptions; what made of Britain being viewed as "an 'awkward' or 'semi-detached' partner, consistently 'out on a limb' within this regional organization because of its '*offshore*' mentality"³⁷. When Mrs Thatcher took office in 1979, her major concerns were targeted at home. She had to reverse Britain's economic decline by fighting the trade unions and modernizing the '*lame duck*' industries. That said, 'Europe' was not at the top of her agenda except for one particular issue which was most pressing. This was the British contribution to the EC budget "*paying over £1 billion a year, even though it had the third-lowest GDP per capita of the nine member states*"³⁸. This was huge for the 'sickman of Europe' to bear. The British Budget Question, or as Roy Jenkins, the then Commission President, puts it: the Bloody British Question, took Mrs Thatcher five years of diplomatic transactions starting from the Strasbourg summit in 1979 till the Fontainebleau summit in June 1984 when a rebate was agreed at "*66 per cent of the difference between Britain's value added tax (VAT) contributions to the budget and its receipts*"³⁹.

³⁵ Marine and fisheries industry,

³⁶ A. Turner, A. Wright, D. Gowland, (2010), Britain and European Integration since 1945: On the Sidelines, 102.

³⁷ Jim Buller, National statecraft and European integration: The conservative government and the European Union, 1979-1997, (2000), p, 01.

³⁸ Andrew Geddes, (2004), p 79

³⁹ Idem.

Thatcher's 'revolution' to return 'Britain's money back' was successful as through the Fontaibleau agreement, Europe along with its member states could now look forward to the future of the Community and the objectives they will have to achieve. However, despite Thatcher's victory in her battle over the budget, the UK remained the second largest contributor to the EU budget, behind Germany⁴⁰. Though Thatcher's style of confrontation was not very much liked by other member states, neither by some EU leaders, and yet the latter had to reach an agreement with her over the budget. This, in fact, was not naïve from their part because one of the meanings of Europeanization is the harmonization of the EC and UK's policies for a greater aim which is European integration. Because the EC was heading at achieving more political and economic integration, it had to grasp an arrangement with the UK so as to make the European project move forward.

Interestingly and ironically, despite the Conservatives' 'hard' negotiating style in European issues, they did take Britain closer to Europe more than any other party, and by so doing, giving the chance to European institutions to set more laws coming from Brussels to be imposed on the domestic level. Aiming to complete the formation of the common market, the Community took a further step to relaunch the integration process by establishing the Single European Act (1986). It was the first major revision of the 1957 Treaty of Rome, by "*expanding further areas of EU interest to include foreign policy co-operation, the environment and social policy, and increased the powers of the European Parliament, giving it a veto over any single market legislation*"⁴¹. It was signed at Luxembourg on February 17, 1986, and at The Hague on February 28, 1986. It was a means of advancing the cause of political, economic and monetary integration, setting a major objective of forming a Common Market by December 31, 1992 within which goods, services, people and capital could move freely. Thatcher was very much enthusiastic about the plan for the single market. Having this "conservative" view of remaking the European Union with a British perception, she believed that the Single European Act would give an opportunity for

⁴⁰Idem.

⁴¹N. J. Crowson, (2007), The Conservative Party and European Integration since 1945: At the Heart of Europe, p 51.

Britain to have a leadership role in Europe. Trying to set up a Bottom-Up effect on the Union by transmitting Thatcherism to a European arena through her legacy of deregulation and liberalization, or as some commentators put it in other words: “anglicizing Europe”. As a result, “*ministers successfully portrayed the SEA as an example of Britain’s leadership role*”⁴²; it was also presented as “*being what business and the City of London wanted*”⁴³.

The expectation that Britain would eventually have a stable role within Europe was erroneous. Thatcher expected the single market to be the final stage in the creation of the EEC, whereas Jacques Delors, the European Commissioner, saw “*Europe as a bicycle: you kept pedalling or else you fall off*”⁴⁴. This conflict was partly caused by British ministers who avoided dealing with details of the Act by highlighting only generalities, and partly by European leaders who were not clear enough about the objectives of the SEA, but were rather ambiguous in the use of language where for example Article 20 allowed the Community to establish a single currency in the near future- an aim whom Thatcher was totally against⁴⁵.

The distinction in Thatcher’s and Delors’s views of Europe had deep implications on the Conservative Party. She accused her Secretary of Foreign Affairs of misleading her by not informing her of every detail in the Act, which for her the latter was a European “ambush” aiming at taking more of Britain’s sovereignty through the strengthening of the Community institutions and, by so doing, transferring authority to the supranational level - something which Britain did never expect and does not want. It was a huge disappointment for Thatcher especially that some critics referred to this incident by the failure of “*her governments to find a satisfactory position for Britain within Europe*”⁴⁶. The Bruges speech 1988 marked the shift in the Conservatives’ stance over Europe and launched the development of Euroscepticism in the late 1980s and through the 1990s. Thatcher’s radical ideas moved the party to the extreme, which aggravated things not only within the party but also within her

⁴²Ibid, 52.

⁴³Idem.

⁴⁴Crowson, (2007), 53.

⁴⁵Crowson, 52.

⁴⁶Crowson, (2007), 53.

Cabinet. the European issue made Thatcher lose her close friends such as Nigel Lawson and Geoffrey Howe, Chancellor of the Exchequer and Secretary of State for European and Commonwealth Affairs respectively. Both Lawson and Howe threatened resignation if Thatcher would set a date to commit Britain to the Exchange Rate Mechanism⁴⁷⁴⁸. In 1989, she “*reluctantly agreed that sterling could join the ERM provided that it was within a broad band of 6 percent*”⁴⁹, three months after this decision Lawson resigned as Thatcher seemed to support Alan Walters’s⁵⁰ views, who was known for his opposition to the ERM, he even went to depict it as “half-backed”; as a result, Lawson, very much annoyed, decided to leave. He was known for his support for Britain’s membership of the ERM and against the Economic and Monetary Union⁵¹. Howe, on the other hand, criticised Thatcher’s overall handling of Britain’s relations with the EU. In her last years of office, Thatcher was becoming more isolated especially after Howe’s resignation speech which triggered other colleagues to consider Thatcher’s departure from Downing Street. The European debate made Thatcher look increasingly isolated as it seemed that Europe was moving forward at a quicker pace, while she was left behind. Europeanism shackled her off when eventually she, though reluctantly, had to step down.

Thatcher’s departure did not mean the death of Euroscepticism for the Conservatives as Major, now Prime Minister, had to face an ever divided party on mainly European issues. Opposition was not only within Parliament but also in the Cabinet where many prominent figures within the party were sceptical about core issues including “*sovereignty, immigration and frontier controls and the Social*

⁴⁷ According to www.BusinessDictionary.com, it is a process by which member countries of an economic community (such as the European Union) maintain exchange rate parity among their currencies. The currencies are allowed to fluctuate with respect to one another within a specified limit. If the exchange rate between any two currencies reaches the limit, the central banks of both countries intervene to bring it back within the limit.

⁴⁸ The issue of the Exchange Rate Mechanism will be discussed and developed further in the economic chapter.

⁴⁹ Crowson, (2007), 53.

⁵⁰ Alan Walters was a British economist, best known as the former Chief Economic Advisor to Prime Minister Margaret Thatcher from 1981 to 1983 when he was asked to advise on the British budget as taxes were increased during a recession. In 1983, he joined the American Enterprise Institute; but when he came back to advise Mrs Thatcher in 1989 there were many differences between his economic views and those of the then Chancellor of the Exchequer, Nigel Lawson, which resulted in the relinquishment of responsibility of both later in that year.

⁵¹ Economic and Monetary Union is an all-embracing terminology for the group of policies meant for assembling the economies of all members of the European Union at three stages”. The Economic and Monetary Union is to be further contemplated in the economic chapter

*Chapter*⁵². The Treaty on European Union (TEU), also known as the Treaty of Maastricht⁵³ marked a turning point in the European integration process. By modifying the previous treaties – Treaty of Paris, Treaties of Rome and the Single European Act – the initial economic objective of the Community, building a common market, was surpassed and, for the first time, a distinctive vocation of political union was pressing for. With the call for a new direction, rather political, within the Community, Eurosceptics criticized this was, “*no longer the common economic market which Britain had accepted in 1973*”⁵⁴. Although Major secured opt-outs from the single currency and the social chapter, yet Eurosceptics were still unhappy; as for them the Maastricht Treaty was but a further step for Europe to impose more laws and, therefore, threaten Britain’s sovereignty and identity. In a strict sense, this is quite true when taking into account the extensive changes that the treaty was calling for. It was built in the context of widening EU responsibilities and deepening the process of integration. This meant using supranational structures in some areas while using intergovernmental ones in others. Institutionally, it transformed the way in which the organisation was structured. The Commission was to be substituted by the European Council to retain responsibility for economic activities. To strengthen the EU Parliament’s power, the treaty introduced the co-decision procedure. The latter made things worse as it had deep impact on the principle of parliamentary sovereignty which had been dramatically affected due to this institutional change. The UK parliament was a sovereign body and enjoyed full right to legislate for the UK on any matter such as the raising of taxation or the expenditure of public money. The co-decision changed this situation. It means that the Council and Parliament act as co-legislators on a Commission-originated proposal with no legislative role provided by the national Parliaments. This implies that the UK had to accept some laws made in Europe that were directly applicable in British courts. It also implies that the British Parliament could not pass laws which contradicted European laws. Furthermore, the European Exchange Mechanism, which was signed previously by Thatcher, was hoped to bring

⁵²Crowson, (2007), 56.

⁵³The Treaty was signed on 7 February 1992 by the members of the European Community in Maastricht, Netherlands. In 1993, the Treaty created the EU and led to the birth of the European single currency, the euro. See more details in the economic chapter.

⁵⁴Crowson, (2007), 57.

domestic economic steadiness and was intensely linked to domestic anti-inflationary policy. However, nothing guaranteed that the ERM would certainly bring stability to British markets for the negative side of it was far from clear that these external commitments would come to agreement with the home economic circumstances. The conditions of joining the ERM were not favourable for Britain as Britain's inflation went three times higher than Germany's, interest rates were at 15 percent and the "Lawson Boom" about to smash⁵⁵. This resulted in the fiasco of Black Wednesday when Britain was ejected from the ERM. Once again, Europe imposed a negative consequence on the party when crushing its reputation of economic competence⁵⁶. However, some refer to this eviction from ERM as "Golden Wednesday", for it smoothed the way for economic revival and recovery which the Labour Party had most enjoyed.

The Maastricht Treaty, then, did nothing but spell an increasing uneasiness inside the Conservative Party. Eurosceptics claimed that "*EC membership was no longer delivering the type of benefits for which it [the Conservative Party] had hoped*"⁵⁷. *The Treaty on European Union became a matter of conscience for the Eurosceptics, "in which loyalty to an idea was more important than loyalty to party"*⁵⁸. As a result, sceptics started to call for a referendum on Maastricht and tried to obstruct the permission of the Maastricht Bill through the House of Commons. The referendum did not take place for there were pro-European ministers in Major's Cabinet taking prominent government powers. Eventually, the European Union was the major reason for the Conservatives' in-fighting and acrimony ever since Britain joined Europe in 1973 in general, and the signing of the SEA, in particular, where a quasi civil war was launched within the party to get intensified with the ERM and the Maastricht Treaty. With the coming of the 1997 general election campaign, the party was too far from giving the image of being united or organized over the European matter which, as a result, gave a chance for Labour's landslide victory⁵⁹.

⁵⁵Black Wednesday, http://en.wikipedia.org/wiki/Black_Wednesday, accessed on: 10/04/12.

⁵⁶Geddes, (2004), 86.

⁵⁷ Anthony Forster, (2002), *Euroscepticism in Contemporary British Politics*, p , 83.

⁵⁸Forster, (2002), p 84.

⁵⁹Geddes, (2004), 87- 88.

The Labour Party's U-turn to Europeanism

The effects of Britain's membership of the EC stretch out to the Labour Party which witnessed difficulties and conflicts over the European issue. After the Second World War, the Labour Party, being in power, refused participation in both the Council of Europe and the European Coal and Steel Community believing that these were the embryo for creating and moving towards a federal Europe. Since the launching of the European project in the late 1950s till the late 1980s, Labour's mainstream position was hostile and remarkably less enthusiastic toward Europe. This attitude to Europe was the result of a set of traditions and culture typical of the Labour Party, therefore, in an attempt to understand the latter one should shed some light on Labour's position and why it was sceptic and hostile to the EC, even as early as in its first stages?

Being a member of the Socialist International, a worldwide organization of democratic socialist, social democratic and labour political parties founded in 1951, yet the Labour Party had little in common with the European socialist parties as its *"thinking owed little to continental socialist thought"*⁶⁰. This difference lies in the fact that *"unlike most other European socialist parties, the Labour Party was a product of the trades union movement"*⁶¹. The trade unions, in turn, are the product of the British working classes, who at the time, the 1950s and 1960s, were still living in an era of prosperity and when Britain enjoyed a privileged position in the world. As a result, the Labour movement acquired a distant and different vision to that of the Europeans' which justifies their scepticism and lack of enthusiasm to the idea of a united Europe. This difference lies in the fact that the British Labour movement was based on strong sense of nationalism; it had strong ties with the Commonwealth countries to whom they saw the duty of spreading the light of christianity and civilization. In a Labour Party conference in 1962, Hugh Gaitskell⁶² expressed his fear that the Common Market would stand as a threat to the British ties with the Commonwealth. He was highly critical of the Conservatives' 1961 application, referring to it as a betrayal of "a

⁶⁰John Gaffney (ed), (1996), Political Parties and the European Union, p112.

⁶¹Idem.

⁶² Hugh Todd Naylor Gaitskell (9 April 1906-18 January 1963) was a British Labour Politician, who held Cabinet Office in Clement Attlee's governments, and was the Leader of the Labour Party and Leader of the Opposition from 1955 until his death in 1963.

thousand years of history”⁶³. This sense of nationalism and the duty of enlightening others less fortunate engendered a feeling of superiority to the British, which, in consequence, helped shape the Labour movement vision to establish links at the international level rather than being walled by a united Europe. Besides, the working classes could not do without the Commonwealth countries because Britain was not only exporting but importing cheap food. As a result, by joining the EU this started to disappear with the establishment of its protectionist policies. This did not serve the British interests when taking into consideration the prices of food which were much higher in comparison to when they used to import them from the other Commonwealth partners.⁶⁴ A further explanation to understanding Labour’s hostility to the EC, in the beginning, which was also shared by the Conservatives, was that Labour believed that Britain could still keep hold of her leading role in the world, along with maintaining the “special relationship” with the USA and, therefore, keeping loyalty to the Atlantic Alliance. Labour thought it would not coexist with Britain being a member of the EC⁶⁵. If Labour was so hostile to Europe, then, how would the 1967 application, being the first U-turn, be justified?

In fact, the British Labour Party policy towards Europe was characterized by this swing between opposition and approval. However, by 1967 Harold Wilson made a second application to join the EC for reasons, claiming that the motives were purely economic. He sustained that new markets and job opportunities were awaiting Britain in the Common market. Though Labour’s first U-turn seemed contradictory, yet its members explained that going to Europe was a necessity based on pragmatic reasons and that this “*conversion was by no means wholehearted*”⁶⁶. Wilson’s promises, nonetheless, did not see light as a consequence to De Gaulle’s second veto to British membership.

Labour’s second application to the EC had had deeper effects on the party. The issue of membership of the EC, just like with the Conservative Party, created divisions between opponents or anti-marketeers who believed that the EC with its

⁶³Gaffney, p, 113.

⁶⁴ Ibid.

⁶⁵Gaffney,(1996), p 114.

⁶⁶Idem.

Common Agricultural Policy and budgetary arrangements were unfair to Britain. Besides, Labour held the view that the Common Market is a capitalist ‘monster’ trying, through its integrationist policies which are bureaucratic and centralized, to hinder socialist change in Europe. On the other hand, there were some leaders within the party, in the soft left, such as Neil Kinnock who became party leader in 1983, who viewed that the policies followed by the extreme left were radical and, therefore, should be changed to adapt with those of the EC. They aimed at moving “*Britain towards some form of state-directed capitalism, described as socialism by its advocates*”⁶⁷. This was out of question for the social democrat leaders within the Labour Party. As a result, and in order to keep the party together, Harold Wilson, in the Party Manifesto of 1974, promised to hold a referendum and renegotiate the terms of entry made by Heath. It is maintained that the successful referendum of 1975⁶⁸, tactically speaking, could silence both sides on the EC issue. But as Harold Wilson and James Callaghan, who succeeded him in office, could not accept further political European unity, tensions soon began to re-emerge and allowed old cultural mistrust to endure, and by so doing, the EC issue persisted by having further impact on the party. After the 1979 General Elections defeat, hostility reached its highest degree against Europe leading the ‘social democrats’ to be isolated and marginalized, and eventually were pushed to leave the party. “The Gang of Three” as the anti-marketeers called them; David Owen, William Rodgers and Shirley Williams, who were the three leading members of the social democratic wing of the Labour Party, decided to join Roy Jenkins, former Labour Cabinet minister and former President of the European Commission, to set up a council for Social Democracy. By joining Roy Jenkins, the three main figures became to be known as the ‘Gang of Four’. As a result to the perpetual tensions over the EC issue, the social democrats eventually, in March 1981, announced the formation of the Social Democratic Party. Labour’s split between soft

⁶⁷Gaffney, 115.

⁶⁸ The 1975 referendum was the first one ever in the British history as referendums are occasionally held in the UK. In its 1974 General Election’s manifesto, the Labour Party promised that the people would have their own say in order to make a decision on whether it is beneficial for the UK to remain or leave the Common Market. Having said that, the referendum asked voters : Do you think the UK should stay in the European Community (Common Market) ? 67.2 per cent were in favour, whereas, 32.8 per cent were against continued British membership in the Community.

left, the ‘Gang of Four’ and their supporters, and hard left⁶⁹ was mainly a consequence to disagreements over matters concerning the European issue of membership and the extent to which the UK should be integrated in the European economic and political project. David Owen made it clear that “*Europe was the first issue that was really divisive, and it was Europe that brought the Gang of Three together.*”⁷⁰ Going through such hard times affected Labour by diverting its attention during the electoral campaign and made it look weak in front of a seemingly stronger opponent, the Conservative Party, which eventually cost Labour to lose the 1979 general elections.

The other effect of the split was that Labour’s opposition to the European project deepened further especially when most pro-Europeans then joined the social democrats’ party. As a result, after the 1981 split Labour made public its resentment to Europe while committing itself to withdrawal in the 1983 general elections when Neil Kinnock became Party leader. By this time, Labour’s policy and position was clear and outright, scepticism and antagonism to Europe was dominating the mainstream of the party. However, how could Labour’s conversion from outright opposition to a softer attitude towards Europe, in the late 1980s, be explained?

In that same decade and precisely in the following elections campaign of 1987, the Labour Party showed the first signs of change towards Europe. In fact, Labour’s move to a more pro-European stand has no specific point of origin, and yet projecting some details of both internal and external circumstances under which Labour’s adaptation has occurred may make the transformation of Labour’s position on Europe clearer. The third catastrophic loss of election of 1987, in a row, pushed Labour to re-consider their European policy. As a result, Neil Kinnock attempted to rebuild and reform the party by planning to change party policy, as part of party ‘modernization’, from withdrawal to Policy Review⁷¹. The latter neglected the policy of outright withdrawal, that goes back to the 1983 manifesto, to commitment to

⁶⁹ The hard left of the Labour Party was created by Tony Benn and his supporters in the 1980s. the wing was influenced by Marxism . politicians correlating with the hard left in the Labour Party included Diane Abbott, Jeremy Corbyn, Ken Livingstone and Dennis Skinner.

⁷⁰ Gaffney, 115.

⁷¹ The Policy Review was introduced during Kinnock’s second period of leadership in which Kinnock aimed at reforming the Party’s policies and so win electability. The Policy Review began as a series of conversations with the public known as ‘Labour Listens’ in 1987.

withdraw *if* Britain's interests were not preserved in the best ways. Besides, in the 1989 Elections to the European Parliament, Labour's gradual Europeanization was seen in its successful victory by winning forty-five seats (40.2 percent of the vote) in comparison to the Conservatives' thirty-two seats (34.8 percent)⁷². This, in consequence, legitimated Labour's conversion and, since then, it could introduce itself as the Party of Europe. Labour MEPs, working in conjunction with their European colleagues in the socialist group on a daily basis, could have an effect by making their ideas adhere with the Labour Party policy. David Martin, the then leader of the British Labour group in the European Parliament, affirmed that the three '*Martin Reports*', reports of the European Parliament's Institutional Committee for which he acted as rapporteur, had an impact on Labour policy in many fields such as economic and monetary union, fundamental rights and freedom for a citizens' Europe.

The further possible reason for Labour's steady evolvement towards Europeanization was linked to two factors: one ideological and the other strategic⁷³. The ideological factor was that by the time Labour's hostility was becoming less severe Europe seemed to be giving a social dimension for itself through the Single European Act 1986 which paved the way for the EC to implement a socio-economic model by adopting the Social Chapter⁷⁴ that was meant to improve the living and working conditions of workers within Europe. By the late 1980s, Labour hoped that Thatcher's prophecy of the Single European Act to be 'socialism through the back door' would prove true and simultaneously have the EC getting rid off its image of a 'capitalists' club'. The other strategic factor was that Labour was becoming the more pro-European, of the two main parties, owing to Thatcher's growing scepticism. By the late 1980s, the centre ground of British politics was characterized by the approval that Britain cannot do without the EC. Though, the Conservative Party, being in power, seemed to move away from this centre ground, as a result to its increasing

⁷²Gaffney, pp, 111- 112.

⁷³Geddes, pp, 88- 89.

⁷⁴ The Social Chapter was a chapter of the 1997 Treaty of Amsterdam overlaying social policy issues in the EU law. The basis for the Social Chapter was developed by the late 1980s in the Delors Project by giving a more social dimension to the EU and expelling away that image of being a capitalists' club. As the UK refused to sign the Social Charter in 1989, it vetoed it in the 1992 Maastricht Treaty which was included as a 'Social Chapter'. As a result, the UK was the only member to be exempt from the legislation covering Social Charter issues except if it accepted to be bound by the legislation.

mistrust to the European 'Delors project'. The strategic point was that by leaving the centre ground, Labour -being in Opposition- could occupy it by portraying itself as a reinvented and a more flexible party that had rid itself from the extremist policies of the early 1980's.

By the mid- nineties, Labour, or rather New Labour , as it calls itself now, was aware enough that the failure of the previous Labour government was due to the splits over the European issue. As a result and in order to win electability, New Labour decided to adopt a change in its approach of the European policy. Thus, the New Labour's approach to Europe of 'constructive engagement' moved from hostility to progressive acceptance of Europeanism. Labour's Europeanization can be seen, already, through its convergence to Europeanism. However, the latter did not mean total convergence but exercising a strategy centered on pragmatic policy objectives as a way to secure the advancement of Britain's interests. Adopting a new and positive approach towards Europe could be achieved through spin and change in tone and rhetorics, which had an important effect over Britain's relations with the EU and other European partners. This contrasts with the previous government who for nearly twenty years of internal divisions left Britain on the sideline with a much reduced influence even in fields where it agreed most with the EU. Nevertheless, the New Labour's government highlighted in its 1997 manifesto the importance of preserving Britain's place in the world as a global power, and this, according to Blair's constructive diplomacy could be achieved by working with and through the EU; that is, keeping Britain as a strong and influential EU player⁷⁵.

Blair's premiership was characterized by his attempts to influence the course of policy-making at the European level. Following the bottom - up perspective, Blair more than once tried to influence not only at the domestic arena but also Europe's. Among the fields that Blair wanted to influence was the economic one when he introduced the concept of the 'third way', which, basically, sought to find a way between old-style state interventionism and laissez-faire. It looked up to give a social flavour to the current economic reforms by improving employability of the workforce,

⁷⁵Kirsty Hughes, Edward Smith, "New Labour-New Europe?", in Richard Heffernen, Andrew Chadwick (eds), (2003), The New Labour Reader, p232.

which could be done by refining the skills, knowledge and adaptability of job-seekers⁷⁶. It, in other terms, aimed to establish social market model of economic management⁷⁷. As a result, in the Luxembourg Summit held in November 1997, which primarily was aimed to create more jobs in Europe, Blair could make some influence thanks to the new economic approach he had proposed to other European partners, which called for deregulation, more labour market flexibility and the encouragement of enterprise culture. Indeed, his approach saw light when the EU Commission took into consideration Britain's approach along with that of France, which, on the other hand believed that the best way to create jobs was to give more power to Brussels to organize and decide over how to meet the needs of the market. Eventually, it was decided that 12 million jobs should be created over the following five years, that more flexibility and liberalism should be encouraged⁷⁸. However, Philip Stephens⁷⁹ claims that the changes that have occurred to the European market were not purely a consequence to Blair's approach of liberalism and competitiveness, but that "*the principle motor change in the structure of continental capitalism has been the new competitive pressure created by the euro*", and, more importantly, "*Blair has been fortunate in that his exhortations have run with the tide of events*"⁸⁰. Nevertheless, Blair's objectives were not about making Britain the dominant player in the EU⁸¹, but help put Britain in the mainstream and not isolated and marginalized. The latter was best seen when the New Labour government refused what is known as 'variable geometry' or 'multi-speed' whereby some member states might agree to share sovereignty in certain fields without the participation of the rest. Britain, in this case, saw the danger of being marginalized even further, therefore, tried to put pressure by asserting that selective pooling of sovereignty should not be in areas like the single

⁷⁶ A. Turner, A. Wright, D. Gowland, (2010), p146.

⁷⁷ R. Heffernen, A. Chadwick (eds), (2003), p255.

⁷⁸ A. Turner, A. Wright, D. Gowland, (2010), p 152.

⁷⁹ He wrote a biography of Tony Blair when he was in power. He also wrote Politics and the Pound, a study of the management of exchange rates by the British Government and its relations with Europe since 1997.

⁸⁰ Turner et al, (2010), p152.

⁸¹ Kirsty Hughes, Edward Smith, in R. Heffernen and A. Chadwick, (2003), p 231.

market and defense, and that in the remaining fields, interests of the other member states who did not take part must be safeguarded⁸².

In fact, New Labour's conversion to Europeanism was not about accepting all that comes from the EU unconditionally. In most of the time, the Blair's governments were cautious as to what generates from the EU. In the 1997 elections campaign, Blair pledged to end the opt-out from the Social chapter. The latter is the basis for European Union social policy and legislation. It is, essentially, about the elevation of employment and better living and working conditions. The Social Chapter was, primarily speaking, an "Agreement on Social Policy" protocol of the 1992 Maastricht Treaty; and in the 1997 Amsterdam Treaty, the protocol became the Social Chapter with minor amendments⁸³. Agreeing to the signing up of the Social Chapter was a decision that was welcomed by Britain's partners, who hardly believed that Britain would leave the EU altogether, as a result to the Conservative government's radical attitudes and negative stances. Agreeing to signing the Social Chapter had a positive impact on Britain's EU partners, whereby Blair succeeded in setting the impression that his government will be more pro-European which would make the country more engaged with the continent. However, though the British people, in many opinion polls, demanded to share in the benefits of the Social Chapter, yet there were hints of difficulties to come when Blair, speaking at a mini summit held at Noordwijk on May 23 and again at a meeting of European Socialists at Malmö on June 6, made it clear that in tackling the unemployment agenda, his government would not approve of any new or further procedures that might bring harm to the competitiveness of British industry⁸⁴. He cautioned that: "*keeping a watchful eye on the Social Chapter' to prevent it from becoming too costly and intrusive*"⁸⁵. Besides, the Confederation of British Industry (CBI) was mistrustful of the Social chapter for it believed it would raise unemployment, therefore, would threaten British competitiveness. Blair, in this case, did not want to lose good relations with the CBI, which along with Blair affirmed

⁸² A. Turner, A. Wright, D. Gowland,(2010), p 149.

⁸³The Social Chapter, http://en.wikipedia.org/wiki/Social_Chapter, accessed: 15/05/2012.

⁸⁴ A. Turner, A. Wright, D. Gowland,(2010), p 145.

⁸⁵ A. Ibid, p 146.

that the Social Chapter is harmful unless it will be reorientated towards the needs of competitiveness.

In foreign and defense policy, the New Labour's government's European policy of constructive engagement, which, according to Blair, has implied that Britain's link with Europe must be wholehearted and not half-hearted, proved to be highly critical when fidelity to the transatlantic alliance was put into question. The war against Iraq (2003) was among the crucial tests that Blair had to undergo to prove his real intentions vis à vis the Union. Blair believed that keeping partnership with the EU would help Britain gain more influence in Europe. Likewise, if Britain is strong with Europe, this would help her to be a strong ally with the USA. Blair's aim, in fact, was to maintain influence on both hemispheres, and to be a bridge between the two⁸⁶. However, the invasion of Iraq in 2003 was a direct challenge to these percepts, especially when there was a huge dividing gap between the government's pro-war stance and the much deeper public scepticism and antagonism towards this pro-US position. The claim of making Britain a *bridge* between Europe and the USA proved to be a failure during the Iraq invasion, where the Blair government found itself torn between two sides and he eventually chose that of the Bush government. Blair's preference of the American decision can be explained by his objective of maintaining the 'special relationship' with the USA, which many critics claim that it is more special in the eyes of Downing Street than the White House. Besides, Britain views that NATO is still supreme in the defence side than the European Security and Defence Policy. Furthermore, during the Cold War, West European security was guaranteed by the USA through NATO. As a result, at the end of the Cold War Britain remained a strong follower and enthusiast for this Atlantic framework and believes that any EU defence actions must be dependent on it. Eventually, one might say that Britain's foreign and defence policies are principally not Europeanized whether by considering British governments' consistent carefulness of preserving the 'special relationship' with the US, or by maintaining its support to the Atlantic links for historical reasons.

⁸⁶Chadwick and Heffernan, (2003), p 237.

The Scottish National Party's pragmatic approach towards Europe

Along with the Conservative and Labour (later New Labour) parties, many minority nationalist parties have also, throughout the historical and political evolution of the EU, often changed their European positions. Contrary to what has been said that minority nationalist parties are constantly the most pro-European, recent studies have shown evidence that not all minority nationalist parties sustain, unconditionally, the EU and its integrationist project⁸⁷. Among the many minority nationalist parties, the Scottish National Party (SNP) which demonstrates itself as a dominant example in this case study, which aims to show whether the SNP has been Europeanized? if it has, then one should assess to what extent and how has the SNP undergone the process of Europeanization since the European project was still in embryo in the 1950s till the end of the nineties? Besides, what are the reasons that explain the changing in attitudes of the SNP towards the EU? In order to answer these questions, the historicist approach will be used so as to examine the development of the SNP's European stands through a particular investigation of the party's alteration from Euroscepticism to Euro-enthusiasm. Along with the historicist approach, the Europeanization concept will be employed in order to highlight the reasons that pushed the party to be Europeanized in terms of its attitudes and policy-making.

The Scottish National Party, by origin, was a democratic left-of-centre political party whose main aim has throughout its political and historical evolution been committing itself to a single issue: releasing Scotland as an independent nation. On April 20th1934, the party was brought into being as the result of the unification between the left-of-centre National Party of Scotland (NPS) and the centre-right Scottish Party (SP). The amalgamation was the work of top NPS figure John MacCormick, who started his political career as a member of the Glasgow University Labour Club; he looked for harmony for the nationalist movement in Scotland, which explains the resemblance between the NPS and the SNP, both parties were committed to independence. However, the SNP's early years were characterized by low levels of

⁸⁷Valeria Tarditi, (2010), "The Scottish National Party's changing attitude towards the European Union", SEI Working Paper No 112, EPERN Working Paper No 22, p04.

electoral support which made it difficult for the party to advance in achieving its main objective owing, mostly, to wartime conditions. This resulted in a split between those who favoured full independence, the fundamentalists, and those who wanted to achieve it through steady steps by starting by the policy of devolution or Home Rule, i.e. the gradualists. Eventually, and by the end of the 1950s, the SNP as a minority and regional party started to redefine and re-organize itself in order to embrace the European dimension. Hence, the party's main political objective was becoming broadly linked with the EU where the party started to include European concerns in its political programmes.

As a minority nationalist party, the SNP's attitude in the 1950s leaned more towards pro-Europeanism. Though the EU was still in embryo, called the ECSC at that time, and yet the party used it as a tool in order to give voice and visibility to its main preoccupation. Being pro-European allowed the party to "*distinguish itself from the British government, which, at that time, certainly did not show an unconditional support for Europe*"⁸⁸. The party's view of Europe was a way to attacking the British government knowing that the latter was completely unfriendly to the developing European project. The SNP, in this case, wanted to demonstrate that "*the British government was isolationist, whilst it was more internationalist*"⁸⁹. The other reason that explains the SNP's preference of Europe was because it considered the EU "*as an 'ally' in the deconstruction of the traditional state order*"⁹⁰. As a regional minority nationalist party, all the SNP could do was to provoke the state to decentralize some political authorities to the sub-state actors. However, the EU's ability to challenge the state was remarkably far from that of regional powers. The EU "*challenges the state from above, determining the cession of sovereign competences to the supra-national level*"⁹¹. The EU, in this case, exercised top-down process where the impact was intended and should not be resisted. For the case of the SNP, however, the impact was

⁸⁸Tarditi, (2010), p 10-11.

⁸⁹Ibid, p, 11.

⁹⁰Ibid, p 07.

⁹¹Idem.

voluntary-indirect⁹² which explains the party's strategic view of Europe as a substitute to the state in order to move ahead in their independence-seeking process.

A major change in the party's position towards the European project took place by moving from a Euro-enthusiast to the most anti-EEC party in Scotland. Such a remarkable U-turn was due to two key factors, internal and external. To begin with the latter, as the EEC was heading in the direction of more economic integration with its protectionist regulations, the SNP viewed that such a European organization was but an "*elitist, centralizing organization with undemocratic tendencies*"⁹³. For such characteristics, the party saw great resemblance between what Europe was calling for, and what they already had at home, being part of the UK. As a result, it was out of question for the SNP to ask for freedom from the UK so as to hand it over to yet another form of curbing Scotland's independence. The SNP, in this case, "*reckoned the transfer of competences and powers to Brussels was totally irrational*"⁹⁴. The internal reason that led to the SNP's attitude shift was strongly related to the fact that the UK had looked for membership without taking into consideration Scotland's privation of direct representation in the negotiating procedure⁹⁵. Hence, the SNP, in this case, was not critical of Scottish membership in itself, but rather of the UK's government apparent disinterest in dealing with Scottish concerns during the negotiations process to guarantee membership in the EEC.

However, the SNP's hostility towards the EEC became even more hostile in the 1970s. Once more, the party perceived European integration as a threat to Scotland's very culture and identity, next to the political and economic harm. During the 1975 EU referendum campaign, the party openly and largely campaigned for the non continuation of British membership in the EEC, hoping that Scotland would distinguish itself from England by providing a massive No-vote. The parliamentary party leader affirmed that "*the EU represents everything that our party has fought against: centralization, undemocratic procedures, power politics and a fetish for*

⁹²Bache, (2003), p 11.

⁹³ Andrew D. Devenney "Regional Resistance to the European Union: The case of the Scottish National Party, 1961-1972", p326.

⁹⁴Tarditi, (2010), p11.

⁹⁵Devenney, p327.

abolishing cultural differences”⁹⁶. According to Paolo Dardanelli (2003), the SNP’s resistance to the European integration project during the 1970s was due to four main factors. First, the party was critical of the fact that Scottish political and economic interests were ignored in the negotiation for membership process by the British government, and by so doing Scotland was not treated as a nation as it was not consulted in the 1975 referendum. Second, there was a general agreement among party members that the EU’s political features centre around bureaucracy, centralization of power next to the fact that it is an undemocratic organization. Third, what made things worse was that the party perceived the EU as a capitalists’ club based on market liberalization where most of the market benefits go for the stronger economies. Last but not least, the Common Agricultural Policy and the Common Fisheries Policy were but yet other reasons for the SNP to be hostile towards the EU for the party believed that Scottish agriculture and fisheries would be further damaged as a consequence to an EU initiative⁹⁷. In the 1979 Scottish referendum, the SNP campaigned for a yes vote in support of the Scotland Act 1979 in order to create a devolved deliberate assembly for Scotland. The referendum was an opportunity for the SNP to urge separation from both unions, the UK and the EU, what Dardanelli termed as the achievement of double independence. However, the Referendum Bill (1979) contained a clause which required that at least 40 per cent of the electorate would have to vote yes. Alas, only 33 per cent of those entitled to vote favoured devolution- below the 40 per cent ‘hurdle’ to carry the Act through. Following such a devastating event, the SNP was highly affected, its popular vote fell to 17.3% and they won only 2 seats⁹⁸ in 1979. As the majority of the Scots had voted in favour of EU and UK membership in the 1975 and 1979 referenda respectively, the SNP had to shift its position towards accepting the reality of membership.

The failure to Europeanize the SNP’s attitude was manifested in the negative way with which the party perceived the EU, being undemocratic, centralized and

⁹⁶ Paolo Dardanelli, (2003), “Ideology and Rationality : The Europeanization of the Scottish National Party”, 8th EUSA International Conference, Panel Session 10D - Europeanisation from an Actors' Perspective, Nashville, The, Usa 27-29 March 2003, P07.

⁹⁷ Dardanelli, (2003), p07-08.

⁹⁸ Key dates for the SNP, http://www.historylearningsite.co.uk/key_dates_for_the_snp.htm, (accessed on: 23/06/2012).

above all a capitalists' club which would by no means benefit Scotland politically and economically speaking. This negative attitude had an undesirable impact on public opinion, which, as a consequence, led to the public's mistrust and fear of their pro-home rule policy. On the other hand, the reason why the latter failed to Europeanize was because SNP members saw no connection between their demand for self-government and the European dimension. On the contrary, the little connection which existed from an EU initiative was portrayed as being a threat to Scotland's interests and objectives. Besides, the EU itself failed to help implement the Europeanization process to the party during the 1970s and this is due to the nature of the process of the European integration, which proved to play no part in the SNP's case for Scottish self-government. In fact, the aim of the process of the European integration is to head toward more political centralization and economic liberalization, two major characteristics which harm peripheral regions such as Scotland⁹⁹. Besides, "*the very nature of the process of supra-state integration was deligitimising the demand for self-government at sub-state level*"¹⁰⁰.

As a consequence to the 1979 electoral decline, the SNP was faced to the reality of "adapt or die". It, therefore, had to revisit its policies by undergoing the "*process of modernization*"¹⁰¹. In order to implement the latter, the party witnessed its historic U-turn from committing itself to withdrawal in the 1970s to making EU membership a "*cornerstone*"¹⁰² of its strategy in the 1980s. The first tactical point was to moderate the party's image in the external context by softening its anti-EU stance when the party began to express the importance of the EU to their self-government plan, in which it was seen as a facilitator for achieving it. As a result, in the general elections of 1987 the party adopted the "independence in Europe" policy whose essence was "*secession from the UK but continued membership of the EU as an additional member state*"¹⁰³.

⁹⁹Paollo Dardanelli, (2006), Between Two Unions : Europeanization and Scottish Devolution, pp, 75- 81.

¹⁰⁰Ibid, p77.

¹⁰¹J.Brand, (1990), "Scotland", in Watson M. (ed) [1990], Contemporary Minority Nationalism, p24.

¹⁰²Dardanelli, (2006), p85.

¹⁰³Idem.

Kevin Pringle, the SNP's spokesperson, maintained that "*Europe [was] a powerful campaigning tool for the SNP*"¹⁰⁴.

However, the debate over the SNP's U-turn is still an ongoing one. The major question to be raised is what were the reasons that led the SNP to radically change its policy, therefore, attitude from hostility to the most Euroenthusiastic party? This U-turn, in fact, was a consequence to the process of Europeanization which the party successfully had undergone. During its long years of opposition to European integration in the 1960s and 1970s, the party endured indictments from the domestic arena of being an isolationist and separatist party with no international links, in a time when other peer parties were encouraging the European supra-national project. These accusations damaged the party's image by influencing public opinion, and which eventually proved to be true when the party suffered failure at both general elections and the referendum of 1979. Hence, the SNP's strategy was to use Europe for two major goals, one working for the other. The major aim at this stage was to win electability, and by so doing, it had to convince the Scottish electorate of the viability of its policy. It, therefore, became a vote-seeking party not for the sake of winning the majority of votes only, but "*in order to receive the recognition of the legitimacy of independence by the EC members and subsequently, as a consequence, by the UK*"¹⁰⁵. This successful Europeanization was seen in the fact of being able to convince public opinion about the feasibility of their goal of Scottish self-government which was interpreted in the positive 1997 devolution referendum¹⁰⁶. The inclusion of the European dimension of the party's pro-European strategy occurred during the 1980s when the party was undergoing transformation in both its attitude and policy. All along this process many party members left and were replaced by others. Valeria Tarditi (2010) argues that the difference between the two generations was that the old one:

"...came from a generation of the Second World War and so they had a natural concern about Europe, certainly a Europe led by Germany" while

¹⁰⁴Dardanelli, (2003), p12.

¹⁰⁵Tarditi, (2010), p18.

¹⁰⁶ The 1979 referendum was aimed to create a devolved deliberative assembly for Scotland as was proposed in the Scotland Act 1978. A second referendum to create a devolved legislature in Scotland was held in 1997, which led to the legislation of the Scotland Act 1998 and the establishment of a devolved Scottish Parliament in 1999.

“people who came in the next generation effectively do not have that concern of World War things and therefore that changes the mood inside the party, the view of Europe”¹⁰⁷.

This was but another reason which allowed the Europeanization of the party which took place within the latter with the coming of a new generation of party leaders.

Among the prominent figures of this new “pragmatic” generation were Winnie Ewing, Gordon Wilson, Alex Salmond and Jim Sillars. Despite the fact that both Ewing and Wilson were prominent party members who had joined the Eurosceptic policy of the 1970s, they gradually had to adapt to the changing circumstances after the 1979 referendum tragedy¹⁰⁸. Party membership was a crucial factor helping realize the Europeanization of the party. Gordon Wilson, the SNP’s leader after 1979, was the leading figure and the forerunner of dragging his party towards admitting that the European dimension was no longer to be escaped and, more importantly, did well in influencing his party to hold the “independence in Europe” popular policy¹⁰⁹. This enthusiasm towards Europe continued with his successor, Alex Salmond, who sustained the promotion of integration in the European project¹¹⁰.

A further reason contributed greatly to, which in fact went in parallel with, the SNP’s changing attitude and policy was because the EC was undergoing advancement of its integration process during the 1980s. The modifications that occurred at the EC level helped boost the Europeanization of the party, from a top-down (vertical) perception whose effect was, as will be shown here, voluntary indirect which implied the unplanned impact from an EC initiative. The attachment of new member states within the EC helped it acquire the reputation of becoming more enlarged. For the SNP, this was advantageous as it held the view in its manifesto that the EC was no longer a threat because the more countries join, the less centralized it would become¹¹¹. Secondly, the authorization of the Single European Act in 1987¹¹² helped

¹⁰⁷Tarditi, (2010), p 20, quoted from an Interview with an SNP Member of the Scottish Parliament, Edinburgh, 27th May 2009.

¹⁰⁸Dardanelli, (2003), p18.

¹⁰⁹ Idem.

¹¹⁰Dardanelli, (2003), p 18.

¹¹¹Tarditi, (2010), p24.

the party perceive the EC as a less capitalist organization. Fundamentally, this was due to the reinforcement of the common market, riddance of the technical obstacles and the enablement of the free movement of capital, labour, services and goods¹¹³. Last but not least, the SNP's participation in the European Free Alliance (EFA)¹¹⁴ has permitted the opportunity for minority nationalist parties to construct a party family able to act collectively in order to increase their reciprocal influence and strengthen the legitimacy and the visibility of their prerogatives. Though it was argued that EFA had a slight impact on the SNP's position, and yet it was maintained that the SNP's mutual aid with minority nationalist parties in the EFA agenda helped it change its ideological stance from Eurosceptic to Eurorealistic¹¹⁵. In fact, the most crucial factors which contributed to the SNP's change in attitude and policy in the 1980s onward originated mainly from the national context more than from EU initiatives. As it was previously explained, the party used the European dimension as a necessary part of its strategy in order to grasp the party's authentic objective: Scotland's liberation¹¹⁶.

The SNP did not take full part in campaigning for establishing a Scottish Assembly in 1989 when the Scottish Constitutional Convention convened. It was made up of 58 of Scotland's 72 MPs, 7 of its 8 MEPs, 59 of its 65 councils and representatives of various groups such as the Scottish Trade Union Congress and various churches, took place, and yet the Party seemed to have its ideology changed. By the 1990s, the SNP went through a wide-ranging adjustment in respect of the notion of national sovereignty, which implied undergoing *"the process of 'mainstreaming' the party, which entailed the abandonment of the ideal of building a 19th century nation-state"*¹¹⁷. As a matter of fact, *"the revision of the party's concept of national sovereignty was instrumental in leading the SNP to abandon its maximalist*

¹¹² It was the first principle revision of the 1957 Treaty of Rome. It allowed the establishment of the Single Market and organized European Political Cooperation, the forerunner of the EU's Common Foreign and Security Policy. It was signed in 1986 at Luxembourg. The Act came into effect on 1 July 1987.

¹¹³ Tarditi, (2010), p23-24.

¹¹⁴ It is a European political party consisted of diversified national-level political parties in Europe defending either total political independence, or some kind of devolution or self-governance for their country or region.

¹¹⁵ Tarditi, (2010), p27.

¹¹⁶ Tarditi, p31.

¹¹⁷ Dardanelli, (2003), p 18.

position of secession from the UK and the EU and to reconstruct its constitutional policy around the idea of 'Independence in Europe'”¹¹⁸.

It is known that the Conservative Party had never wanted to give away any devolutionary powers to Scotland by any means to establish a Scottish Assembly. The Tories went even further with their opposition to argue that if Scotland is granted its parliament, then higher rates of taxation would be imposed on the Scottish. With the Conservative triumph in 1992 general elections, opinions from both sides, the Tories and the Scottish, started to take the two extremes. As a result, the general opinion among the Scottish began to realize that the Tories were not taking Scottish affairs as serious and important ones. By that time, Scotland's issue seemed to be “*more politically marginal... [a matter of fact which was] seen as further confirmation of how the Westminster government did not have Scotland's best interest at heart*”¹¹⁹. As a result, the Constitutional Convention, that was set up to develop a framework for a Scottish devolution, saw it high time to accelerate the work to achieve their objective. Hence in 1995, it brought into being a blueprint for Scottish parliament, *Scotland's Parliament, Scotland's Right*¹²⁰. By the time, the SNP campaigned for a third question, which was that of independence, to be incorporated on every referendum ballot paper. However, “*since this was not realised, they moved slowly towards supporting the double 'Yes' vote*”¹²¹. It was because the Labour Party had a clear majority within the Convention, the SNP preferred not to play a major role in it.

In the face of the Tories' opposition, Labour along with the Liberal democrats seemed to be united in their pro-devolution attitude. As a result, in its general election manifesto New Labour promised Scotland a devolved parliament to be made in a referendum first. Thus, it stated that:

For Scotland we propose the creation of a parliament with law-making powers, firmly based on the agreement reached in the Scottish Constitutional Convention, including defined and limited financial

¹¹⁸Dardanelli, (2003), p18.

¹¹⁹ “The Devolution Debate This Century”, BBC Scotland, <http://www.bbc.co.uk/news/special/politics97/devolution/scotland/briefing/c20scot.shtml>, accessed on : 21/03/2013.

¹²⁰ Ibid.

¹²¹ Ibid.

*powers to vary revenue and elected by an additional member system. In the Scottish referendum we will seek separate endorsement of the proposal to create a parliament, and of the proposal to give it defined and limited financial powers to vary revenue. The Scottish parliament will extend democratic control over the responsibilities currently exercised administratively by the Scottish Office. The responsibilities of the UK Parliament will remain unchanged over UK policy, for example economic, defence and foreign policy.*¹²²

And so was the case, as New Labour won the 1997 General Elections, it fulfilled its promise and did grant Scotland a referendum¹²³ on allowing Scotland to have a devolved parliament. The 1997 referendum was the second one to be held over the devolution question¹²⁴.

Despite the fact that the SNP was not part of the Constitutional Convention, it, nonetheless, supported the independence of Scotland by ‘going to Europe’. In its 1997 manifesto, the party made it clear that:

*Scotland will be a full member of the European Union, participating fully in the institutions of the Union. As a small independent country Scotland can have considerable influence in a Europe which is increasingly dominated by small member states.*¹²⁵

¹²² Archive of the Labour Party Manifestoes: Labour Party Manifesto 1997, “New Labour Because Britain Deserves Better”, <http://www.labour-party.org.uk/manifestos/1997/1997-labour-manifesto.shtml>, accessed on: 22/03/2013.

¹²³ It was a pre-legislative referendum held in Scotland on 11 September 1997. The referendum had two proposals : the first one was whether there was support for the creation of a Scottish parliament with devolved powers, and whether this parliament should have tax-varying powers. Thus, the referendum had two questions : firstly the referendum asked voters : I agree that there should be a Scottish Parliament/ I do not agree that there should be a Scottish Parliament. Secondly, the referendum asked : I agree that the Scottish Parliament should have tax-varying powers/ I do not agree that the Scottish Parliament should have tax-varying powers. The result was ‘Yes-Yes’: the majority voted in favour of both proposals. In the first question 73% agreed to having a Scottish Assembly, and in the second 63% of voters agreed that this Parliament would have tax-varying powers. In response to the majority voting for ‘Yes’ to both proposals, the British Parliament passed the Scotland Act 1998, creating the Scottish Parliament and Scottish Executive.

¹²⁴ The first one took place in 1979.

¹²⁵ The SNP General Election Manifesto 1997 : Yes We Can Win the Best for Scotland, p 30, <http://www.google.co.uk/url?sa=t&rct=j&q=scottish+national+party+manifesto+1997&source=web&cd=1&cad=rja&ved=0CC8QFjAA&url=http%3A%2F%2Fwww.politicsresources.net%2Farea%2Fuk%2Fge97%2Fman%2Fsnp97.pdf&ei=HotMUeKBGKr17AaD4YFw&usq=AFQjCNETHZByeaz88iksRkpjdwzl1OGtZQ&bvm=bv.44158598,d.ZWU>, accessed on : 22/03/2013.

And that:

*We will have full voting power in the European Council and the Council of Ministers. These representatives would be in a position to advocate on Scotland's behalf with the right of veto over any decisions affecting Scotland's vital national interests. This is a far cry from the present powerlessness we endure, and some considerable distance from the still powerless observer status that Labour proposes under its devolution plans.*¹²⁶

Thus, the SNP changed its position towards being more pro-European in order to achieve independence for Scotland. The SNP's policy of 'independence in Europe' which seeks out to make the Scottish electorate believe that Scotland "*can have its cake and eat it, that Scotland can have both the benefits of independence and the security of membership of the European Union*"¹²⁷. They have based their argument on Article 0 of the Treaty on European Union (the Maastricht Treaty) which admits that:

*Any European State may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European parliament, which shall act by an absolute majority of its component members. The conditions of admission and the adjustments to the treaties on which the Union is founded, which such admission entails, shall be the subject of an agreement between the member-states and the applicant state. This shall be submitted for ratification by all the contracting states in accordance with their respective constitutional requirements.*¹²⁸

The party accepts as true that there is no explanation to assume that Scotland's application would be rejected when taking into consideration membership of the EU in accordance with the course of action presented in the Maastricht Treaty. Since the applicant member can only be conferred by a unanimous vote of the European Council, then, there is a possibility that the UK would veto Scotland's application, although there is no trace of such a deed on behalf of the UK government. The SNP viewed that Scotland must apply for EU membership despite the circumstances it

¹²⁶ Ibid.

¹²⁷ Matthew Happold, "Scotland Europa: Independence in Europe", (1999), Working Paper: Centre for European Reform, p09.

¹²⁸ Happold, (1999), 06-07.

might face because when Scotland joins the EU it would have less benefits than it has now with the UK. By seceding from the UK,

*Scotland would almost definitely lose its share of the United Kingdom's budget rebate, negotiated so tortuously by Margaret Thatcher in the 1980s. It might also lose the generous EU structural funds for the Highlands and Islands that were negotiated against the odds by Tony Blair at the Berlin summit of March 1999. On top of that, EU entry may well take time and would need to be ratified by national parliaments in all EU countries.*¹²⁹

By the 1990s, not only was the SNP in favour of devolution for Scotland and its joining to Europe, but so was the Labour Party, which was getting itself 'renewed' in this period of time. They were both on the left-right continuum. And by so doing, they were noticeable from the Conservatives, and the Liberal Democrats (on the socialist-laissez-faire dimension)¹³⁰. In the second half of the 1990s, however, the Scottish electorate percentage who think that Labour looks after working class interests fell from 93% in 1997 to 53% in 1999, so that "*the figure for Scottish Labour was 66% - the same level as the SNP [not only that but] Labour was seen to look after middle class interests more than working class interests*"¹³¹. As a result to such transformed circumstances, the SNP succeeded in appearing as "*the second most popular party in Scotland in the late 1990s and to cast itself as the replacement party to Labour [and this is because] when New Labour appeared on the scene in 1994, with its concern for middle England, the SNP focused its attention on 'mainstream Scotland' – promoting a moderate, centre-left identity that had broad appeal across Scotland*"¹³². As regards Scotland and Europe, the SNP seems to firmly believe that Scotland's place is in and with Europe. In its 2001 manifesto, it sustained that:

The SNP stands for Scotland in Europe. The Scottish National Party believes that membership of the European Union will give Scotland real advantages. It will secure for Scotland a voice at the heart of Europe, with full membership of the important decision and policy-making bodies.

¹²⁹Idem, p08.

¹³⁰Peter Lynch, "From Social democracy Back to No Ideology? The Scottish National Party and Ideological Change in a Multi-Level Electoral Setting", p17.

¹³¹Ibid.

¹³²Ibid.

*The SNP welcomes an enlarged Union. This will give greater weight and prominence to small and medium sized nations. Clearly, after Nice, Scotland will have significantly greater influence in the European Union as an independent nation than as part of the United Kingdom.*¹³³

However, in the Party's 2007 manifesto, the SNP gave the impression of being critical of both Unions, the EU and the UK. It condemned the UK government for failing to stand for and guard the interests of Scotland's fishing industry. It particularly denounced the Common Fisheries Policy and its impact on the latter. The SNP stated in its manifesto that "*the current system whereby landlocked Austria and Luxembourg have a greater say over Scotland's fisheries than Scotland does is unsustainable* [, therefore,] *Scotland should the UK's Ministerial delegation at EU meetings, just as Flanders does for Belgium*"¹³⁴. The Party went even further to decide that:

*The SNP will continue to work for withdrawal from the Common Fisheries Policy and will not support any future European Constitution that grants the EU 'executive competence' over this valuable resource. We will work with our partners to enlist support for the repatriation of fisheries responsibilities to member states... our maritime neighbours Norway, Iceland and the Faeroe Islands all operate economically successful and environmentally sustainable fisheries outside the CFP. Scotland can emulate their success.*¹³⁵

One dares not say that the SNP became less enthusiastic about Europe as it specified its attention to the CFP, in particular. No other issue about Europe was mentioned.

The main focus of the SNP 2011 manifesto was on guaranteeing independence for Scotland. The Party sustained that:

... Independence will mean a strong, new relationship between Scotland and the rest of the UK. It will create a partnership of equals – a social union to replace the current political union. As members of the EU, there will continue to be open borders, shared rights, free trade and extensive cooperation. The big difference will be that instead of only deciding some issues here in Scotland, independence will allow us to take decisions on all

¹³³ The SNP Manifesto 2001 : Heart of Manifesto, p15.

¹³⁴ The SNP Manifesto 2007, p72.

¹³⁵ Ibid, p73.

*the major issues. That is the reality of independence in this independent world.*¹³⁶

A strong image has been pictured by Angela Constance on Scotland's current situation. She had simplified her country's state stating that

*When you get paid at the end of the month you don't give that money to your next door neighbours and let them decide what you can spend. At home you and your family are responsible for your own priorities and your own choices. But as a nation we currently let other people make those decisions for us.*¹³⁷

As a result, the SNP repeated its commitment to hold an independence referendum that is intended to be held in the autumn of 2014, after it has been agreed by both the UK and Scottish Governments. The First Minister, Alex Salmond, has announced that the Scottish independence referendum will be held on 18 September 2014; and voters will be asked the yes/no question: "should Scotland be an independent country?"¹³⁸

¹³⁶The SNP Manifesto 2011, p 28.

¹³⁷The SNP Manifesto 2011, p 28.

¹³⁸Andrew Black, "Scottish Independence : Referendum to be Held on 18 September, 2014", (2013), <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-21828424>, accessed on: 24/03/2013.

CHAPTER TWO

The Effects of the European Union on the UK's
Economic Scene

The UK's economic situation in the world after the Second World War: Changes occurring at the international level - particularly the European scene

Almost half a century ago, the global situation was very different from today. Economic disaster and extreme poverty reigned in Europe as the world was still raged by the War. Most west European countries were marked by instability and low economic growth. People were living hard times in poor conditions due to the state of economic ruin after the war. Industrial production was low, huge numbers of people were starving and most of them were unemployed, tens of thousands were homeless. The capacity for ruination and despair had been so greater than in the previous War that much of Europe and Asia were in bankruptcy. Rebuilding Europe economically was so huge a task in the aftermath of the Second World War to the extent that 1945 has been called Year Zero. Therefore, in order to build a new Europe, western European countries thought it best to assemble in order to rise above the hardships of the time. As a result, many treaties were signed after the War with an ultimate objective of helping reconstruct the economies of European countries and restore recovery but also to ensure a durable peace within the continent.

The idea of establishing a Common Market was visualized as early as in the Fifties by a French civil servant, John Monnet, but it was made known by the French Foreign Minister, Robert Schuman in a declaration on May 1950¹³⁹. The idea was approved by some European countries, the six founding members: France, West Germany, Luxembourg, Netherlands, Italy and Belgium, who agreed to the signing of the Treaty of Paris in April 1951 which entered into force in July 1952. The Treaty went for the creation of the European Steel and Coal Community (ECSC) whose essence was to group Franco-German coal and steel production that would open for membership for other European countries. In 1957, it was followed by the Treaty of Rome which established the European Economic Community (EEC) and European

¹³⁹The Schuman Declaration of 9 May 1950 was a governmental proposal by then-[French Foreign Minister Robert Schuman](#) to give birth to a new form of organisation of states in Europe called a [supranational](#) community. In this declaration Schuman said “*Europe will be born of this, a Europe which is solidly united and constructed around a strong framework*”. Schuman’s proposal led to the creation of the ECSC, as it was also the forerunner of several other European Communities and also what now the EU is.

Atomic Energy Community (EURATOM). One of the central parts of the Treaty of Rome establishing the ECSC was mentioned in Article 2 of the same treaty:

*The Community shall have as its task, by establishing a common market and progressively approximating the economic policies of Member States, to promote throughout the Community, a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated rise in the standard of living and closer relations between the States belonging to it.*¹⁴⁰

Therefore, the core of the Treaty was to guarantee that Europe's monetary reconstruction would be based on achieving a customs union and a common market granting free circulation of goods, services, people and capital. Although it was subject to numerous limitations as it had to wait until 1986 when a determining boost was given to build a confirmed and concrete unified market on a gradual basis.

However, the world in late 1940s was based on The Bretton-woods system that was a Post-war order product, it was an international monetary system created in 1944. It was based on stable and adjustable exchange rates. The forty four sovereign states¹⁴¹, by signing the agreement, approved to submit their exchange rates to international disciplines organized by new institutions namely the International Monetary Fund (IMF), whose role was to provide balance of payment loans and stabilize the international monetary system, and World Bank, whose responsibility was to afford loans for economic development and reconstruction. This, as a consequence, implied a significant surrender of national sovereignty to an international organization dominated by the USA. This new system was based on different pillars which helped it stand firm for many years till its fatal collapse in the beginning of the 1970s. It implemented that the US dollar was pegged and convertible to gold at \$35 per ounce, and other currencies fixed their exchange rates to the US dollar. Besides, member states had to maintain their currencies at a fixed rate to the dollar, and they had to buy

¹⁴⁰ Nick Potts, "European Business Environment: The Birth of the EU", (2008), p 03.

¹⁴¹ The governments represented in the Agreement were : Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Luxembourg, Mexico, The Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippines, Poland, South Africa, USSR, United Kingdom, United States, Uruguay, Venezuela, Yugoslavia.

and/or sell their currencies to maintain level (+/-1%). The Treaty of Rome signed in 1957, in parallel, called for individual policies for achieving equilibrium in overall balance of payments, and accommodating policies through collaborations of governments and central banks¹⁴². Despite the fact that the post-war order for the market economies was based on the Bretton Woods system which afforded the global framework for currency stability with gold and the US dollar as the predominant monetary standards, the Treaty of Rome took into account the issue of stable currencies, which, accordingly, should remain the standard for the market.

The whole system, however, proved to be inflexible and could not be adjusted to deal with mismanagement at its core. Since Bretton Woods relied on a well-managed US economy as the dollar was the base currency, the US economy started to show signs of malaise at the domestic level when the government began to inflate by the late 1960s due to the high costs spent at the Vietnam war, and president's Johnson's Great Society programme of public education and urban redevelopment. At the international level, the world economy, over time, grew and needed more liquidity or reserve assets. The increased world demand for dollar as reserve assets, because the values of other currencies were pegged to the dollar and because none of other currencies were pegged to gold so they cannot be convertible to gold, meant that the US had to maintain increasing trade deficits. In such a situation, the US was not able to devalue the dollar for fear that if they do it once, they would do so repeatedly. As a result, this might cause a run on US gold, and eventually lead to the collapse of the whole system, and here lies the inadequacy and limitation of Bretton Woods, although it was once internationally successful.

In front of these difficulties, the US government was faced to different options in the late 1960s that might ease the actual strain. It could either impose monetary and fiscal restraint by cutting spending, raising taxes, and raise interest rates. However, the US government could not do that due to domestic political reasons. Or, it could devalue the dollar but risk being ruled out by credibility concerns. The third option which by the time sounded much unlikely to other countries, but which the US

¹⁴²Mundell. R. A, The European Monetary System 50 Years After Bretton Woods: A Comparison Between Two Systems, <http://www.columbia.edu/~ram15/ABrettwds.htm>, accessed on 02,10,2012.

government preferred, as it was the less damaging for her economy, was to take the dollar off gold and, by so doing, end the Bretton Woods system. On August 15, 1971, President Nixon announced a 90-day freeze on wages and prices, 10% of import surcharge on dutiable imports, and eventually the suspension of dollar's convertibility to gold¹⁴³.

In fact, the crumple of the Bretton Woods was the outcome of crucial changes occurring at the global level where the US was facing hard competition from export-oriented economies like Japan, Germany as well as newly industrializing states such as Korea and Japan¹⁴⁴. Some commentators, however, claim that the end of the Bretton Woods was a consequence to global transformations that started to show signs little before its collapse, rather than its cause. World big economies started to lose confidence in the dollar and in the 1970s; funds began to move at an enormous rate from the US dollar to financial centres in Europe and Japan. As a result, US gold stocks were worth \$10 billion compared with \$25 billion in 1945.

The collapse of the Bretton Woods had an important impact on European economies whose exchange rates were allowed to float against each other which threatened the European markets and led to currency instability due to the revaluation of the German mark and the devaluation of the French franc. The other impact was that the end of a system of fixed exchange rates participated greatly to the emergence of “*globalizing tendencies in the world economy, particularly through the emergence of interlocking currency and financial markets*”¹⁴⁵. The adoption of neoliberalism for market economies in the 1980s can, therefore, be referred to the US government's decision to end Bretton Woods' agreement in 1971 which in effect was a significant event in the coming out of accelerated globalization¹⁴⁶.

¹⁴³ Bretton Woods system, <http://www2.econ.iastate.edu/classes/econ355/choi/bre.htm>, (accessed on 08,11,2012).

¹⁴⁴ Collapse of Bretton Woods, http://www.google.co.uk/url?sa=t&rct=j&q=the+collapse+of+bretton+woods+&source=web&cd=4&cad=rja&ved=0CDkQFjAD&url=http%3A%2F%2Fwww.palgrave.com%2Fpolitics%2Fglobal%2Fstudents%2Fcasestudies%2F14039_89826_Ch19_GPI_BrettonWoods.pdf&ei=BqSbUNfAJfPa0QW_9IEI&usg=AFQjCNFqSO1N0kQH6U_dRVCLjx1WAo09Ag, (accessed on 8/11/2012).

¹⁴⁵ idem

¹⁴⁶ Idem

The other key but more direct impact of the deteriorating Bretton Woods system was when the central banks of most European countries showed their unwillingness to deal with these inflationary dollars. This engendered an increase of speculation against the dollar, forcing its value down even more. In such circumstances, EC members became more uncomfortable about this financial chaos and went on for a European Summit, The Hague Summit, in 1969 in which Pierre Werner, Luxembourg's Prime Minister and Minister for Finances, presented what is known as the Werner Report in 1970 which called for a plan to merge European currencies setting out a three-stage process in order to achieve their goal of monetary union in ten years period confirming, according to Werner, the settlement of the process towards economic and monetary union. The essence of the Werner Plan lies in its introduction of the "snake system" which was meant to manage fluctuations of EC members' currencies (the snake) inside narrow limits against the dollar (the tunnel). The snake arrangement was issued by the Smithsonian conference of December 1971 whose aim was to limit the fluctuations of any currency against its parity or central rate, acting as a cross rate against the dollar, to 4.5 per cent. As a result, the snake fluctuated within a wider 'tunnel' against the dollar "*and was for this reason known as the 'snake in the tunnel'*"¹⁴⁷. With the fall of the then international monetary system, the European currencies' link with the dollar was smashed and the snake left the wider tunnel. '*Since then the snake currencies and the dollar had floated independently of each other*'¹⁴⁸.

However, the Werner Plan was stone dead even before all its stages were due for fulfilment as long as the governments reacted differently on the rising oil prices in particular the 1973 oil crisis, and also when the USA made the dollar float freely, caused many sharp variations in exchange rates, resulting in entrances and exits from the mechanism, until the point when the Community wide scale was abridged to a zone around the German-mark zone comprising Germany, Denmark and the Benelux countries. This led to the "death" of the snake system by 1973 as it proved

¹⁴⁷Edmund Dell, "Britain and the Origins of the European Monetary System", Contemporary European History, Vol.3, No.1 (Mar, 1994) , p 05, <http://www.jstor.org/stable/20081498?seq=5>

¹⁴⁸Ibid.

unsustainable when it caused damage to other European economic growth, trade and investment. As a result, the target day of 1980 set by the Werner Report was impractical and the plan faded away- for a while.

As for the case of the British economy and Britain's relationship with the Bretton Woods international monetary system, Britain's sterling, during the post-war period, was the second transaction, intervention and reserve currency after the dollar which was, however, the world's leading currency in these areas¹⁴⁹. The sterling's position in the Bretton Woods Agreement was mainly symbolic due to:

*its status as a key currency [which] was a legacy of its historic gold standard glory days and from being the currency of one to the Bretton Woods system's twin architects, as well as reflecting the continuing close relationship between the UK and US international monetary authorities, a dimension of the wider 'special relationship' between the two countries*¹⁵⁰.

The sterling's position, therefore, during the 1960s and 1970s was severely affected as it started to diminish greatly since the American dollar was taking its global prestige, when countries of strong economies preferred to tie their currencies to the dollar rather than the British sterling. The emergence of the Bretton Woods as a world monetary system, as a result, had already a damaging effect on the sterling, which led to its instability before and after the 1967 devaluation whose main factors were 'diversification and volatility'¹⁵¹.

Britain during the troubled era of the 1960s has not only witnessed countries of the sterling area abridging their contact with the sterling, but there was also '*an increase in the volatility of holdings of sterling by non-sterling area holders*'¹⁵². In fact, it was a reciprocal effect; not only did the Bretton Woods hurt the sterling area, but as a result to the latter the whole international monetary system was shackled. If the second reserve currency of this global monetary system had crumbled, then eyes of suspicion were directed to the dollar, where pressure was put on it when countries, even the UK, hurried to cash in their dollars into gold- as the Bretton Woods

¹⁴⁹Roberts Richard, "A Reassessment of Sterling 1945-2005", pp 0-, 03.

¹⁵⁰Ibid, p02.

¹⁵¹Ibid, p04.

¹⁵²Idem.

Agreement had promised of making the dollar redeemable to gold at \$35 per ounce. As a result, *‘in the six weeks between sterling devaluation and the end of the year the US sold almost a billion dollars’ worth of gold, pushing its gold stock below \$12 billion for the first time since 1937*¹⁵³. This was among the factors that led the US government to eventually end the Bretton Woods Agreement and, by so doing; the American government has broken its promises to the member states of the international agreement. Therefore, this, certainly, has led many to put into question the credibility of the whole Bretton Woods system.

Overall, the Bretton Woods Agreement had set the grounds and contributed greatly in the destruction of the British pound. Besides, the pound devaluation of the 1967 was the direct factor to the gold crisis of 1968, and the latter was the prime reason pushing for the breakdown of the Bretton Woods system. So, the Bretton Woods resulted in the wound up of the British pound which, in turn, led to its downfall. As Bretton Woods system started to show signs of weakness and inadequacy, Britain’s interest diverted from fixing the problems of the sterling zone to bargaining membership of the EEC¹⁵⁴.

Throughout her economic history, Britain proved to be open to international trade and capital flows. This dates back to her imperial experience, an era during which Britain was seen as a globalizing country due to her openness to Foreign Direct Investment (FDI) flows both at exporting and importing levels which are highly exposed to the international financial system. Economically, Britain remained a globalized power with her free trade version of capitalism known as *Anglo-Saxon capitalism* which was practised mainly between the countries of the Commonwealth and the USA¹⁵⁵. In essence, Anglo-Saxon economy provides low levels of regulation and taxes with less state intervention thus following a free market-oriented economy. Having a different view of the market economy than that of the European economy is one of the reasons that vindicate Britain’s late entry to the Common Market. Not only was Britain more Atlanticist in political matters but also in terms of economic dealings

¹⁵³Roberts, p10.

¹⁵⁴Ibid, p12,13.

¹⁵⁵ Luke Martell, 2008, “Britain and Globalization”, pp 449-466.

in which the USA till the present day is considered as Britain's economic junior partners as most of Britain's imports come from the USA. Indeed, Britain's economy *"was highly internationalised; 50 of the top 100 companies were multinationals, accounting for over a quarter of all Britain's visible exports. In 1979, 19.5% of visible exports were from American-owned firms, while one third of the profits of British multinationals came from overseas"*¹⁵⁶. During the 1950s and 1960s when the European project was still in its early construction, Britain was deeply uneasy vis à vis such unfamiliar economic body due to the existence of different varieties of capitalism¹⁵⁷ which shape the conduct and development of the market.

The "Rhineland" capitalism, which most countries of Western Europe, thus the Common Market, adopted and implemented more regulated markets by constructing a customs union based on mercantilist thinking. The latter which served Western European countries from the 16th century to the late 18th century, was based on a more protectionist and monopolistic measures, by building a closed network where the consumption of domestic products is taken to the full advantage and, by so doing, creating more dirigisme and regulations of the market. Anglo-Saxon capitalism, however, was based on the support for the removal of tariff barriers, and on concentrating on keeping world trade moving. It is important to note that Britain during the late fifties and throughout the sixties was living in an age of affluence known as the post-war golden age when people were living in a prosperous economy and rising living standards. Such an era helped the British underestimate the European project, which, by the time, they conceived it as being weak and unsuccessful, what pushed her to go her own way and create the ill-fated EFTA. However, as the sixties was an age of paradoxes, the times of luxuries were accompanied by relative economic decline when Britain in comparison to other developed nations in the world was moving more slowly and less efficiently in terms of investment, production and exports.

¹⁵⁶ Stewart Morris, "Is it Accurate to Describe the 1970s as a Decade of Crisis ? If so, What Were the Causes ? ", Christ's College, Paper14-The Social Structure of Modern Britain Essay2, p07.

¹⁵⁷ For further reading: Richard Hyman, 2008, "Britain and the European Social Model : Capitalism Against Capitalism", London School of Economics, UK, IES Working Paper: WP19.

The fact that Britain had finally joined the Single Market by 1973, this does not necessarily mean that Britain was totally convergent to the Continentals' mentality of how to direct and manage the European Market. Not only was Britain different in her economic system in relation to the rest of the member states of the EC, but fixedly disagreed about the aims that the Continentals had set in order to accomplish the European Market which they believed is but a political project in economic clothing. This fact, precisely, was a decisive point of disagreement between Britain and the other member states especially the Franco-German axis which Britain believes that Germany and France built the EC, as early as from its premature stages, to benefit and serve their economies primarily and mostly. The prominent argument that the British constantly maintain is the 'exploitative' Common Agricultural Policies (CAP). As a result, Britain was depicted as being detached to Europe and nicknamed the awkward partner or the reluctant member.

Indeed, taking into consideration Britain's state of ungovernability, in the early seventies, one wonders: was Britain's decision to join the Market a desperate attempt to reverse her economic decline? In a more straightforward way, why was it by the time when she witnessed economic difficulties that Britain took the European alternative- which by the time sounded a necessity more than an alternative- after having refused the idea of going to 'Europe'? The answer to this question would be looked at from an economic perspective.

At first hand, Britain did not want to join for a number of reasons. To begin with, just after the Second World War, the Labour Government applied a series of nationalizations of key sectors of industry, namely power, transport, and coal mines, iron and steel, and even the Bank of England was nationalised. As the Labour Government campaigned for this policy for years, it sounded unlikely to submit such powers that were just obtained, next to the fact expressed by economic experts maintained that adhering British steel to the ECSC would be damaging for British steel industry¹⁵⁸. In making the three circles of influence, Britain being in the centre and linking factor, Prime Minister Winston Churchill meant that none of the relationships

¹⁵⁸ Hansin Dogan, "Why did Britain join the EEC in 1973, and not before or later?" <http://80.251.40.59/politics.ankara.edu.tr/hdogan/essays/essay1.html#FNT10>.

had an overriding priority. However, by the creation of the then successful ECSC Britain preferred to be part of the discussion but not one of its founding members. Paradoxically, when the original six members made public their intention of developing the ECSC to a larger Common Market, Britain found herself torn apart between Europe, the Commonwealth and the Atlantic axis. She, of course, chose the two latter over Europe, but only for a while as she had to reconsider her terms of entry. According to Stephen George in *An Awkward Partner: Britain in the European Community*, among the reasons that vindicate Britain's turning away from acceding to the Market was that the failure to build European Defence Community (EDC) by the original six members in 1950 gave the impression to the British that any attempt that those members would do will be doomed to be unsuccessful¹⁵⁹. This, however, proved untrue as such; the fall down of the EDC had but prompted the idea of accelerating the work towards accomplishing the European Economic Community or the Common Market¹⁶⁰.

In fact, what had kept Britain's economy survive till the 1960s was mainly its connection to the Commonwealth in which Britain had mercantile relations with her ex-colonies, which have helped her to be the first industrialized nation in the world. Britain, throughout history, had favoured and supported an economy with an international basis. Indeed, she had always preferred to look outwards over the ocean rather across the channel to the mainland Europe. However, such a policy, some argue that the latter, not only was one of the major causes to Britain's economic relative decline, but has also retarded the consolidation of Britain's connections with the continent¹⁶¹. So that by the end of World War Two, Britain found herself so detached and, one dares say, so different in her economic approach from that applied and pursued by the strongest Western European economies.

As a matter of fact, Britain followed *Anglo-Saxon capitalism* whereas the main economies in Western Europe, chiefly the six founding members of the EC, were for what is known as the Rhineland capitalism. As Britain's proposal to the 'inner six'

¹⁵⁹The Business History Review, Vol. 65, No. 3, Financial Services (Autumn, 1991), pp. 703-705.

¹⁶⁰Ibid.

¹⁶¹Dogan. (22)

of establishing a free trade area between Britain and the latter was met with refusal, therefore, Britain decided to create, along with the so-called ‘outer seven’, European Free Trade Association- an organization based on open trade area. Again, EFTA was but another reason that postponed and made knotty any real effort to strengthen relations between Britain and the other members of the EC¹⁶². The mentioned reasons here may justify Britain’s belatedness to have access to the Common Market and reveal the ambiguity of reasons why Britain ‘missed the train’ and had been left far behind in a time when she could have moulded Europe to suit her interests by taking a role of leadership in Europe, and other reasons that show that Britain did not actually ‘miss the train’ but did not want to or need to get on the ‘train’.

However, as events moved on, the norms had changed and Britain found herself in a slow progress, thus surpassed by the other industrialized nations, which made her look outdated. Britain, then, realized that if she did not catch up with the seemingly successful European Community, she would miss not only an important chance for her economy to recover, but also her ‘special relationship’ with the United States which was at stake. As the Americans had found that the gap between Britain and the EC members was widening, therefore, as the European Common Market was becoming larger they found the latter a more important economic partner across the Atlantic. Besides, because of decolonization process, Britain’s exports to the Commonwealth were in a remarkable descent which kept declining so that in 1967, *“the Commonwealth’s share of British exports was 24.3 per cent and its share of imports was 24.9 per cent”*¹⁶³, knowing that in 1953 her exports to the same source were taking 51.7 per cent and 52.1 per cent of her total imports¹⁶⁴. The British in such atmosphere and circumstances had to find a way out of the malaise they were trapped in. Britain, then, had to make a decision; whether it was an approved decision or otherwise, Britain rushed up to apply for joining the Common Market.

The period of the 1970s was a tough one not only for Europe but also for many other countries. After the fall of Bretton Woods, the ‘snake’ in the tunnel could no

¹⁶²Dogan. (24,25)

¹⁶³Dogan. (27)

¹⁶⁴Ibid.

longer hold firm. Although the Werner project failed for reasons mainly caused by member states' different reactions to crises of the Bretton Woods and oil shocks of 1973 and 1974, member countries of the EEC had to find a way out of the chaos they were living during the 1970s. Therefore, on 17th June 1978 during the Bremen conference which centred mainly on monetary questions, the six founding members of the EC committed themselves to set up European Monetary System (EMS) to replace the snake. The new system, which was sometimes referred to as mini Bretton Woods, aimed to guarantee an economic area of currency stability. The EMS was meant to make its members less dependent on the unreliable US dollar and to offer a constant framework for the performance of European trade. And by so doing, the EMS, in fact, owed much of its origin to the 'snake'. Because the latter was not successful, its successor, the EMS, was optimistically judged to be flourishing. In an attempt of comparing the EMS with the snake, it was clear that the EMS was doing better than its predecessor for many reasons to name but a few:

*[T]he EMS provided for more liberal credit lines... [As] the maturity of credits that could be obtained through the Very Short Term Financing Facility was extended, the conditions under which they could be accessed was liberalized, and provision was made for renewing maturing loans. It was supported by a firmer political commitment...because where the Snake had included non-EC members; the EMS was exclusively an EC affair... The global environment was more favourable; none of the shocks of the 1980s was as severe as the first oil shock and the productivity slowdown of the 1970s.*¹⁶⁵

The whole idea of the EMS goes back as early as in 1978 when the Federal German Chancellor, Helmut Schmidt, made explicit his ideas of establishing a new monetary system which would act as a response to the defunct Bretton Woods.

At a meeting in Bonn on 28 February 1978, the German Chancellor spoke with Roy Jenkins, President of the European Commission, declaring that:

I [Helmut Schmidt] shall propose, in response to the dollar problem, a major step towards monetary union; to mobilize and put all our currency

¹⁶⁵Barry Eichengreen, "The EMS Crisis In Retrospect", Working Paper 8035, National Bureau of Economic Research, 1050 Massachusetts Avenue, Cambridge, MA 02138, December 2000, <http://www.nber.org/papers/w8035>, p 04,05.

*reserves into a common pool, if other people will agree to do the same, and to form a European monetary bloc*¹⁶⁶.

He further added, and was quoted in *Business Week* on 20 June, that:

*I'm [Schmidt] not so much thinking of enlarging the snake, but of something which goes a little beyond the snake. I am thinking in terms of pooling some currency reserves. I'm thinking about a EUA [European Unit of Account] that would also be the medium in which you settle accounts between the European central banks. I could imagine additional instruments of monetary assistance, of broadening the existing instruments and extrapolating them into the long range field...*¹⁶⁷

Therefore, as a solution to the decline of the then post-war international monetary system, members of the EEC confirmed that despite such difficulties it would not mean the end of their monetary union journey- but rather the beginning. Indeed, this leads one to put into question the very purpose of the EMS; was it a monetary union, or conceivably a road to it? Part of this question cannot be answered unless one makes clear what is the EMS? And what are its main aims? Answering to such core questions might help one to understand the very nature of this 'new' monetary system.

The EMS was built on the grounds of fixed but adjustable exchange rates identified in relation to the newly established European Currency Unit (ECU), which is, basically, a basket currency weighted according to size and trade share of EMS's member countries. It is worthy to note that the ECU was not a currency but a reference. Within the new established system, currency fluctuations were controlled through the Exchange Rate Mechanism (ERM), an adjustable peg system whose main characteristic "*was that each participating currency had a target zone, which involved setting prescribed limits on the range of values ... that the exchange rate was allowed to take*"¹⁶⁸. The ERM's initial aim was to avoid large fluctuations in intra-European real exchange rates. Within the system, members' currencies were fixed to each other with a band of fluctuation of ± 2.25 (6 per cent for the Italian lira) around the central parity, with the exception of the lira which was allowed to fluctuate by ± 6 per cent.

¹⁶⁶Roy Jenkins, *European Diary 1977-1981* (thereafter Jenkins, Diary), 1989, p 234.

¹⁶⁷Dell, p 10, <http://www.jstor.org/stable/20081498?seq=10> .

¹⁶⁸ Francisco Ledesma Rodriguez, Manuel Navarro Ibanez, Jorge Perez Rodriguez and Simon SosvillaRivero, "The Credibility of the European Monetary System: A Review", *Cuadernos de Economia*. Vol. 31, Num. 86, mayo-agosto, 2008, pages. 005-034, p 08.

The EMS was utterly European as it did not refer to dollar or to gold; it was a totally symmetric system with no currency playing a special role¹⁶⁹. The main objective of the EMS was, according to the European Council, a “zone of monetary stability in Europe” (paragraph 1.1 of the Resolution of December 5, 1978)¹⁷⁰. Horst Ungerer et al quote from the conclusions of the Presidency of December 1978 meeting that:

*The purpose of the European Monetary System is to establish a greater measure of monetary stability in the Community. It should be seen as a fundamental component of a more comprehensive strategy aimed at lasting growth with stability, a progressive return to full employment, the harmonization of living standards and the lessening of regional disparities in the Community. The European Monetary System will facilitate the convergence of economic development and give fresh impetus to the process of European Union. The Council expects the European Monetary System to have a stabilizing effect on international economic and monetary relations...*¹⁷¹

Moreover, Edmund Dell argued in “Britain and the Origins of the European Monetary System” that the EMS “*was not a monetary union. Although sometimes spoken of by Schmidt and Jenkins as a stage on the road to monetary union, I [Dell] could not see it even as that*”¹⁷². Edmund Dell maintained that the EMS was by no means compatible to EMU and they are completely separate entities. Dell added that “*one could accept EMU as an objective without accepting the EMS. One could accept the EMS without being in anyway committed to EMU*”¹⁷³. He went further when he illustrated Jenkins’s comparison of the advancement towards monetary union with a long jump. There comes the run up in the first step then the jump. According to Jenkins, the run up step would imply the period of amplified co-ordination of national economic policies succeeded by monetary union which would, as a result, be the

¹⁶⁹ToonVandyck, “European Monetary System”, Louvain Institute for Ireland in Europe, 2011, p 07, <http://www.google.co.uk/url?sa=t&rct=j&q=toon+vandyck%2C+the+european+monetary+system&source=web&cd=4&ved=0CDEQFjAD&url=http%3A%2F%2Fwww.econ.kuleuven.ac.be%2Fpublic%2Fn09078%2FEuroMS.pdf&ei=hw6qUIvgDq7S4QTjm4DQDw&usq=AFQjCNGpVRJF4SRikl4RaKDsqQgBnDi4Nw>.

¹⁷⁰Horst Ungerer, Owen Evans and Peter Nyberg, *The European Monetary System: The Experience 1979-82*, International Monetary Fund, Washington, D.C, May 1983, p 02.

¹⁷¹See *European Economy*, No.3 (July 1979), p 94.

¹⁷²Dell, p 15.

¹⁷³Idem.

jump¹⁷⁴. But in Dell's words "*in Schmidt's proposals, there was no sign of the leap*"¹⁷⁵.

It is known that Britain has often been sceptical about any given attempt initiated by members of the EEC. This was evidenced when she turned her back to the ECSC in 1958, taking it for granted when thinking that it will not succeed. Unfortunately, the same scenario was repeated when the EMS was in the making. She supposed that just like the snake failed, thus would the newly created monetary system. It was no surprise that Britain did not trust the EMS as she believed that she had nothing much to lose if this new system would, like its predecessor, collapse in any way. However, as the EMS started to show signs of strength and stability, British Eurosceptic views had begun to be more softened vis à vis the EMS's ERM, which "*with the failure of monetarist policy in Britain ... the ERM [began to] seem more attractive by comparison*"¹⁷⁶.

As a result, views at the domestic level started to be divided between Europhiles and Eurosceptics. Between political and economic objectives, both official and public attitudes seemed to be stuck between conservatism and conversion. At the governmental level, the prime minister of the time, Edward Heath, was known for his open Europhile attitude throughout his premiership. However, this was not the case with his successor James Callaghan who favoured entry into the ERM but faced opposition on behalf of not only trade unions but also some Labour MPs. Many economic experts and industrialists were not in favour "*of Britain going into the ERM on the practical grounds that the exchange rate would be stabilized either not at all or at too high a level. The opposition began to crumble after the 1983 general election*"¹⁷⁷. As opinions in the political scene started to convert, several sensitive bodies began to make it public their favourable attitude of joining the ERM. To name but a few of these bodies were the Council of the Confederation of British Industry,

¹⁷⁴Idem.

¹⁷⁵Idem.

¹⁷⁶Christopher Johnson, "Britain and the European Monetary System", *The World Today*, Vol. 42, No. 10(Oct., 1986), pp. 174-177, Royal Institute of International Affairs, <http://www.jstor.org/stable/40395777?origin=JSTOR-pdf>, p 174.

¹⁷⁷Idem.

National Institute for Economic and Social Research, the London Business School and the Public Policy Centre who were opposed to membership but “*changed sides and began actively to campaign for it*”¹⁷⁸.

The period of the late 1970s and beginning of the 1980s illustrated interesting arguments in different domains of the feasibility and necessity of Britain accepting and participating in the EMS. Britain being known for her global awareness and significance cannot be isolated from the international scene by establishing an economic sovereignty of her own because:

*[Britain's] monetary and economic policy is limited by the interdependence of interest rates and exchange rates between major countries. Particularly since the government rightly abolished exchange control in 1979, it has been impossible to isolate Britain from events in world financial markets.*¹⁷⁹

Therefore, in order to have a more valuable and successful economic policy, Britain needs to work for uniting the latter with her sister European countries better than being detached even more. Christopher Johnson argues that “‘*Monetarism in one country*’ like ‘*Socialism in one country*’ has been tried by Britain, and has failed”¹⁸⁰. Most of the then EC members joined the EMS with their currencies, except for the British pound and the Italian lira who did not join the ERM. As the EMS was moving forward, it became vital and decisive that Britain makes clear her resolution whether to join or not, as the situation for Britain at the European level was becoming more critical.

The Thatcher government of the time needed to show interest and fervour for Europe in order to guarantee continuity in achieving Britain’s objectives towards Europe that benefit her concerns, especially completing the single Market and negotiating for a fairer EC budget for Britain. But, this needed sacrifice on behalf of the Thatcher administration; otherwise, it would be judged for being careless towards European matters. Therefore, if Britain aims to be the ‘leader’ of Europe, then “*it would be unreasonable for [her] to expect the City of London to become the main*

¹⁷⁸Johnson, 174.

¹⁷⁹Johnson, 175.

¹⁸⁰Johnson, 175.

financial centre of the EC while remaining outside the ERM”¹⁸¹. And so in order to avoid such judgements, Britain used the argument that the pound was unstable a currency because of North Sea oil which makes it not easy for Britain to go into the ERM with its fixed though adjustable margins. Besides, as oil price pressures had differing effects on oil exporting countries, in this case Britain and oil importing countries like most of the EMS members made the situation more incompatible, for how could a currency like the pound, which relies on oil movements, remain so narrowly tied with the D-Mark which is in fact a currency of an energy importing country?¹⁸² Mr Nigel Lawson, the Chancellor of the Exchequer during the Thatcher premiership, had long admired the robustness of the D-Mark with its ability to control inflation at home. For many times, he advised Mrs Thatcher to allow the pound to go into the ERM because he firmly believed that West German policy would do well to Britain especially that now oil does not play a major role in the British economy. Besides, Christopher Johnson argues in “Britain and the European Monetary System” that:

*If oil price fluctuations are short-term and reversible, they can be dealt with by intervention within the parity grid; if they are expected to be more lasting, they can be dealt with by realignments of rates. It would even be preferable for Britain to go in at 2[and] 1/4 per cent margins rather than 6 per cent, so as to get the advantage of smaller exchange rate fluctuations, and less interest rate variation.*¹⁸³

This means that if oil persists to threaten British economic interests, then it would be more advantageous to remain inside the ERM.

By the late 1970s, the EMS, despite its being introduced from a European initiative, was not presented as an evil or obstacle to British economic progress. Even by a Labour government which was living a political crisis due to the ungovernable situation at home, the Labour party was terribly divided over many issues, at the top of which was the European issue. For Europhiles, the EMS, after all, did not threaten Britain’s economic sovereignty- an interminable question in the European British

¹⁸¹Idem.

¹⁸²Idem.

¹⁸³Johnson, p 176.

relations. It, rather, aimed at accomplishing exchange rate stability- a goal which most countries received warmly when being launched by the once successful Bretton Woods. British Europhiles believed that the EMS¹⁸⁴ put forward an invigorated opportunity with the European level as a new setting, and which much was expected from the newly established system. However, this view was not shared by all the British as it was received by resentment and unfriendliness by Euro sceptics or anti-Europeans¹⁸⁵.

The impact of the question of EMS membership was well manifested on the Labour Party because it was the government of the day by the time of its introduction. The Labour Prime Minister, James Callaghan, was facing a dilemma on the European issue, for he was to bear a burden whether he decided to join the EMS or not to. *“If he joined the EMS he would face another ‘European’ crisis in his party. If he did not he might well face a sterling crisis”*¹⁸⁶. Not only, but Callaghan’s dilemma was multi-faceted, for if he did choose the latter decision, *“the market could interpret a decision not to join as evidence of the government’s lack of confidence in its own currency”*¹⁸⁷. And if he did join, both the party and the government would certainly be split up once again on European matters¹⁸⁸, especially that the refusal to go into the EMS and more particularly the ERM ¹⁸⁹was a general mood within the party and the government during that period of time. It was like a common and shared belief that Britain could by no means join the EMS, in particular among members of the Cabinet who, if agreed on anything, it was not to join the newly created EMS. The sole subject related to the latter, which the Cabinet paid attention at, was discussing the possible advantages that

¹⁸⁴ The European Monetary System was the forerunner of the Economic and Monetary Union. It prompted EU nations to co-ordinate their monetary policies in order to help the development of the single market. The most important part of the EMS was the ERM in which member states had to keep their currency exchange rates within bands of 2.25% from a central point. The other important is the European Currency Unit (ECU), which was the forerunner of the single currency, the euro, which was to be used a unit of account.

¹⁸⁵ Dell, p 31.

¹⁸⁶ Dell, p 32.

¹⁸⁷ Dell, p 32.

¹⁸⁸ The Labour Party witnessed bitter divisions on the European issue of whether to join the Common Market or not. In order to ease tensions, H. Wilson, the party leader, decided to make a referendum on the question of membership with an ultimate goal and this was to avoid more fissures within his party.

¹⁸⁹ The ERM was a system created by the EC in 1979, as part of the European Monetary System, to take down exchange rate instability and attain monetary steadiness among EU nations. The latter was an objective in order to reach Economic and Monetary Union.

might come out from EMS membership, “*even though there was no doubt that, whatever the merits, the UK would not join*”¹⁹⁰.

Why, then, did other members of the EC, despite the fact that they, too, were not totally ready to join, because of their relatively weak currency, join the EMS except Britain? They, the other member states, did join although they were aware that by going into the ERM, they will have to undergo deflationary policies and economic austerity because “*linking exchange rates would mean that their currencies would become overvalued in real terms unless inflation was tackled by reducing public sector expenditure and controlling money supply*”¹⁹¹, even though this would create some social agitations. As going into the ERM was not part of the British agenda, different reasons, among others, might justify Britain’s non participation in the ERM even as early as in 1979. The successive oil crises of 1973/4, economic slowdown which made the UK look outdated in relation to her peer European countries and a trade balance which was directed towards global more than European markets¹⁹², all these reasons would vindicate the government’s lack of enthusiasm to be a full member of the EMS. Besides, the Confederation of British Industry (CBI) preferred competitive exchange rates with low interest rates and export prices and at the expense of exchange rate stability which at the time sounded as a subordinate concern¹⁹³. Furthermore, Geoffrey Howe, a former British Deputy Prime Minister from 1989 to 1990, he was also Secretary of State for Foreign and Commonwealth Affairs and he held many other important posts throughout his political career, sustained that Britain rejected the ERM because of “inflation divergence between the UK and its European partners, because of the wide fluctuations in the sterling-dollar exchange rate, and because the means of controlling inflation differed from European partners”¹⁹⁴.

¹⁹⁰ Dell, p32.

¹⁹¹ Mark Aspinwall, “Odd Man Out: Rethinking British Policy on European Monetary Integration”, *Review of International Studies*, Vol. 29, No. 3 (Jul., 2003), pp. 341-364, Cambridge University Press, <http://www.jstor.org/stable/20097858> (stableURL), accessed on 26/11/2012 11:30, p 349.

¹⁹² Idem.

¹⁹³ House of Commons, Expenditure Committee, *The European Monetary System* (1978), Session 1978-79, Nov. 20, pp 1-2.

¹⁹⁴ Aspinwall, p 353. Taken from Geoffrey Howe, *Conflict of Loyalty* (1994), p. 274.

The Budget Rebate debate: a question that had troubled the UK/EU relation

The fact that Britain did not join the EU, as early as the six founding members did, had significantly affected the nature of Britain's relationship with the rest of European member countries. Britain had many opportunities to go for a successful entry into the EU, but because of her reluctance, did not involve herself in the founding and shaping of the EU both economic and political trajectories. Despite the 1975 referendum when the British voted to stay in the Common Market, the successive Conservative governments led by Margaret Thatcher made public their dislike of the EC's supranational institutions, customs unions and agricultural policy. Such general mood of discontent was felt not only within the government but also among the people, a reality which, consequently, led to an ever-increasing political isolation of Britain from Europe. This negative attitude surmounted in Thatcher's demand for Britain's "money back" at the Fontainebleau Summit in 1984 when the so-called UK-rebate was given to Britain.

The origins of the rebate debate go back to the beginning of the 1970s when Britain joined in 1973. Just like with the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) Britain faced a *fait accompli* where she was intended to become a large net contributor. Most of the EU budget was devoted to agriculture or the CAP with more than 70 %. However, it was UK's agricultural situation which caused complexities and difficulties:

The British agricultural sector was a relatively small share of its economy compared to other members, so the UK got little of the EU's spending on agriculture, which accounted for 3/4th of the budget at the time. However, despite such disparities Britain did join the ERM by 1990. The UK also imported a large share of its food from non-member nations. Since the import taxes charged on such imports are turned over to the EU budget, the UK faced a situation where it was a large net contributor to the budget¹⁹⁵.

¹⁹⁵ Richard Baldwin, "The Real Budget Battle, Unecrisepeut en cache rune autre", Centre for European Policy Studies, No. 05/June 2005, <http://aei.pitt.edu/6617/>.

Soon after Britain had joined the EC, she started complaining that the financial rules of the Community were unfair to her due to the fact that she was paying too much in and getting too little back and the difference was not reimbursed. The UK's and every other member's contributions to the European budget come from three main sources known as an own resources mechanism. The first is from custom duties and agricultural levies on imports into the European community, collected by member states on behalf of the Community. The second is a proportion of the Value Added Tax (VAT) revenue from each member state. The third is an amount based on each member's Gross National Income (GNI). The income that Britain gets back is spent by the Community in the form of farm subsidies under the CAP, regional and social payments. But, of course, community spending in each member state doesn't match each state's contribution to the community budget, just as public spending in a region within a state does not match the taxes raised in that region. Inevitably, some states are net contributors and some net recipients. As a result to this mechanism Britain was to become a net contributor from the beginning if she had to submit to such rules of the Community despite the fact that she was economically weak by the time.

The main reasons that made it clear from the start that she was going to be a net contributor was that, firstly, she traded with countries outside the Community more than any other EC member state. And by so doing, she added greatly to the European budget by collecting and paying to the European budget an inconsistent share of the Community's customs duties and agricultural levies¹⁹⁶. The other reason was because the EEC held the principle of being self-sufficient in staple foods and stable and reasonable prices to the consumer, therefore, since Britain's agricultural industry was a relatively small part of her economy compared to other EC member countries, she was going to receive 'too little' of the Community's spending on agriculture¹⁹⁷. A further reason was that "*the UK's per capita income, which in 1984 stood at only 90.6% of the*

¹⁹⁶ Arne Nis Jensen, "The UK Rebate-Or Rethinking the EU Budget?", Bachelorkommission Institut for Sprog og Erhvervskommunikation, Handelshøjskolen i Aarhus, Aarhus Universitet, Maj 2011, http://www.google.co.uk/url?sa=t&rct=j&q=the+uk+rebate+ot+rethinking+the+eu+budget&source=web&cd=1&cad=rja&ved=0CDIQFjAA&url=http%3A%2F%2Fpure.au.dk%2Fportal-asb-student%2Ffiles%2F36186903%2FUK_rebate_or_rethinking_the_EU_budget.pdf&ei=SbLiUKfAFsjmswaJn4Eg&usq=AFQjCNEA5pBVXSU0k9jiBXsf81OUGDubWA&bvm=bv.1355534169.d.Yms, p 15.

¹⁹⁷ Idem.

*Community's average, made the UK the least prosperous of the countries then making net contributions*¹⁹⁸.

As it was no secret that Britain was going to be a net contributor to the EC budget, Britain started as early as just after she joined the Community to criticize and ask for a reduction in its net contribution before the transitional arrangements would expire. As a result, at the Luxembourg meeting in April 1980 whereby Britain was given a rebate for 1980-82 covering a substantial portion of its net contribution. This was subsequently extended to cover 1983. Then, Mrs Thatcher fought her way at the Fontainebleau Council meeting in June 1984, a new arrangement was set up, under which around two thirds of Britain's net contribution was reimbursed at the end of each year.

However, the fact that the latter was made for Britain and Britain alone, this was regarded as the “*‘betrayal’ of Fontainebleau’s ultimate goal*”¹⁹⁹ because the latter's main principle was that “*any member state sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time*”²⁰⁰. However, this was never achieved, which made the other member states being vexed and led them to ask Britain to let go of her European rebate especially that Britain is one of the wealthiest member states of the Community. This has created what is known as the UK rebate debate where the CAP is at the heart of the problem. The UK rebate or the *British cheque* was, thus, perceived as both appealing and erroneous. In this case, in order to retain her rebate still, Britain argues that “*the size of the CAP must be downsized and that countries should (to a certain extent) finance their own agricultural industries; it is only fair that the new countries who are*

¹⁹⁸ Ben Patterson, “The UK Rebate Issue”,

http://www.google.co.uk/url?sa=t&rct=j&q=the+uk+rebate+issue&source=web&cd=2&cad=rja&ved=0CDoQFjAB&url=http%3A%2F%2Fwww.euromove.org.uk%2Ffileadmin%2Ffiles_euromove%2Fdownloads%2FRebate.pdf&ei=1OHhUJK9KorZ4QSU0IHIDg&usg=AFQjCNGU3M8eP5sOIRoXA33p_IgDeying&bvm=bv.1355534169,d.Yms, (Accessed on: 31,12,12).

¹⁹⁹ Gabriele Cipriani, “Rethinking the EU Budget: Three Unavoidable Reforms”, Centre for European Policy Studies, Place Du Congrès 1, B-1000 Brussels, ISBN 978-92-9079-735-7,

http://www.google.co.uk/url?sa=t&rct=j&q=rethinking+the+eu+budget+three+unavoidable+reforms&source=web&cd=2&cad=rja&ved=0CDoQFjAB&url=http%3A%2F%2Faei.pitt.edu%2F32604%2F1%2F43_Rethinking_the_EU_Budget.pdf&ei=IbviULa6MaiK4ASf6YHQBw&usg=AFQjCNGmg73GHpfBr5m61vFy4UXk0tKS8w&bvm=bv.1355534169,d.Yms, (Accessed on 01,01,2013), p 97, from European Council (1984).

²⁰⁰ Idem.

*net recipients pay to the UK rebate*²⁰¹. The most opposing side to the UK rebate is naturally France—a member who benefits most from the CAP due to her large sector of agriculture. So, both sides appear to stick still to their arguments of either retaining the CAP or preserving the rebate. Indeed, *“it seems as if Britain is using the CAP as an excuse for holding on to its rebate. On the other side, the rebate has become France’s strongest weapon in the fight for retaining the CAP in its present form”*²⁰². In June 2005, Tony Blair declared that *“the rebate remains because the reason for the rebate remains... Of course if we get rid of the CAP and we change the reason why the rebate is there, then the case for the rebate changes”*²⁰³.

The Common Agricultural Policy: The Dilemma

Speaking about the UK budget rebate cannot go without dealing with the European Common Agricultural Policy (CAP). In order to figure out the effects of the CAP on Britain, first of all it is crucial to know what the CAP is, and more importantly why was it created? Historically, the CAP was introduced in the second half of the 1950s and after several negotiations; it finally came into force in 1962. It emerged as an idea in the aftermath of the Second World War when Europe was poor and hungry. Europe had neither food security nor food sovereignty. So, the urgent procedure of the time was to guarantee food supply and support and strengthen the farming industry within the Community so that its members would not rely on other countries. Therefore, members of the then ECSC put into operation a set of objectives for the CAP²⁰⁴:

- (a) [T]o increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;*
- (b) [T]hus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;*
- (c) [T]o stabilise markets;*
- (d) [T]o assure the availability of supplies;*

²⁰¹Arne Nis Jensen, p 02.

²⁰²Idem.

²⁰³Gerard Batten, “How Much Does the EU Cost Britain?2008”, The Bruges Group: London, (2008), p 22.

²⁰⁴The institutional base of CAP is laid down in Articles 38 to 47 of the Treaty of Rome, 1957. More precisely Article 39 sets out the five objectives to be followed by the CAP.

(e) [T]o ensure that supplies reach consumers at reasonable prices²⁰⁵.

Therefore, members of the Community created a policy in common which was basically based on removing trade barriers and tariffs on agricultural products among the six founding members as part of building the common market.

However, in order to make the CAP effective and successful, three key policies which were regarded as controversial and highly criticized at the international level, were implemented. The first policy was import tariff which is, fundamentally, a tax imposed on goods coming from the rest of the world so that they artificially cost more than they would otherwise have done. The second policy called import quota which is a report of the number of goods that can come in. Both policies were designed to make it easier for farmers to sell their goods within the Community. And the third policy called minimum price (support or intervention price) which guarantees to the European farmers stable prices for their agricultural products that “*will not fall below this fixed minimum level*”²⁰⁶. Through the minimum price, farmers are being secured and independent of market developments and fluctuations²⁰⁷. However, many problems emerged as a result to these *damaging* policies, huge food surpluses of stock built up and were infamously known as ‘wine lakes’ and ‘butter mountains’. These surpluses were either used as animal food or dumped on third world markets. This had and still has harmful effects on agriculture in these developing countries: indeed, “(a) *exporters of foodstuffs find it very difficult to compete with subsidised EU exports; (b) farmers in developing countries who are producing for their domestic market find that they cannot compete with cheap imports of food from the EU*”²⁰⁸.

²⁰⁵Objectives of the Common Agricultural Policy,
<http://www.publications.parliament.uk/pa/cm201011/cmselect/cmenvfru/671/67105.htm#n31>, accessed on: 06/01/2013.

²⁰⁶P. Pezaros, “An Introduction to the Common Agricultural Policy: Principles, Objectives and Orientations”,
<http://www.google.co.uk/url?sa=t&rct=j&q=minimum%20price%20introduced%20by%20the%20cap&source=web&cd=9&ved=0CHIQFjAI&url=http%3A%2F%2Fresources.ciheam.org%2Fom%2Fpdf%2Fc29%2FCIO20491.pdf&ei=B33qUIOmO5DZsgbm44DQAw&usg=AFQjCNG6OfmFfU0ildg2rye6PPxmhkodA> (accessed on: 07/01/2013), p 08.

²⁰⁷Idem.

²⁰⁸“Agriculture and Minimum Prices: A Problem of Surpluses”, p02,
http://www.google.co.uk/url?sa=t&rct=j&q=agriculture%20and%20minimum%20price&source=web&cd=4&cad=rja&ved=0CEwQFjAD&url=ftp%3A%2F%2Fftp.uibk.ac.at%2Fpub%2Funi-innsbruck%2FWirtschaftstheorie%2Fstocker%2Fmikro%2F02_slo_b13.pdf&ei=bZXqUMSiCfKM4gTasIDgDQ&usg=AFQjCNH-kOJETQaCIboF5UX7giy-ug3TXA. From Sloman, John and Mark Sutcliffe, Economics for Business, (2004), 3rd ed., Prentice Hall.

It is undeniable that the CAP had and still has remarkable effects over the British economy. Therefore, one of the main concerns of this paper is to look at the CAP in terms of economic impact on Britain. Most problems that have caused the British rebate debate were due to the CAP budget which costs about EUR 50 billion per year representing less than 50% of the total budget²⁰⁹. This is by no means too little for Britain and the British because despite the constant criticisms of the very structure of the CAP-by not only Britain but even other poorer member states- the latter has had deep effects on not only the British economy but also the lives of the average Britons.

To put it in a wider context, Britain had never wanted to apply the CAP. Instead, it was France who insisted that Britain should comply with the CAP as a condition of being admitted to the then EEC. The French were afraid that “*a continuation of the British cheap food policy would enable Britain to have a competitive advantage in lower wage costs.... In other words, the French hoped that Britain would absorb some of the surpluses that were emerging*”²¹⁰. As a consequence, the Common Agricultural Policy inflicts a considerable burden on common people as both consumers and taxpayers. It, in fact, “*costs the UK £10.3 billion a year, £398 per household. That is equivalent to adding around £7.65 per week to family food bills*”²¹¹, which implies £398 per year. Other figures analysed by The National Consumer Council (NCC) “*calculated in 1988 that the average family of four was paying £9 a week more than they needed throughout Europe*”.²¹² In 1994, estimation held by the Organization for Economic Co-operation and Development (OECD) maintained that the latter NCC 1988 figures “*had risen to £49.2 billion in total, that is, £10 per family of four a week or £134 per person a year in additional expenditure on food alone due to CAP*”²¹³. The direct impact to such policy of keeping food prices high, under the

²⁰⁹ Franz Fischler, “The Common Agricultural Policy Explained”, European Communities, 2004, published by Eugène Leguen de Lacroix, European Commission Directorate General for Agriculture, http://www.google.co.uk/url?sa=t&rct=j&q=the%20common%20agricultural%20policy%20explained&source=web&cd=4&cad=rja&ved=0CE0QFjAD&url=http%3A%2F%2Fwww.fp7.org.tr%2Ftubitak_content_files%2F268%2Fkomisyon_dokumanlari%2Fcap_en.pdf&ei=leLnUO7sHcfHswalj4GgAQ&usq=AFQjCNFeEKe0joS6Ne oJDQWru2CFaRKzjg, p 28.

²¹⁰ Lynden Moore, *Britain's Trade and Economic Structure: The Impact of the European Union*, (2003), p 193.

²¹¹ Lee Rotherham, “Food for Thought: How the Common Agricultural Policy Costs Families Nearly £400 a Year”, 43 Old Queen Street, London SW1H 9JA, www.taxpayersalliance.com, p03.

²¹² Moore, (2003), p217, from NCC 1988.

²¹³ Moore, pp 217, 218, from NCC 1995; OECD 1995.

pretext of ensuring protection for EU farmers, is that “*it penalises the poor, who spend a large proportion of their income on food than do the rich*”²¹⁴. Britain’s criticizing of the CAP can be justified on the following grounds: despite the fact that Britain has almost as much farmland as Germany, and yet she receives six tenths of its level of grants. Though she has nearly a seventh more farmland than Italy, however, she obtains a fifth less money²¹⁵. Official statistics indicate that not only Britain is becoming more dependent on food imports than at any stage over the last forty years, but also she is the least self-sufficient in food since 1968²¹⁶. Among the different agricultural products:

*Beef production which has struggled to recover from the aftermath of [Bovine Spongiform Encephalopathy] BSE, was hit again in 2001 by foot and mouth disease. Generally, a declining beef and dairy herd coupled with a move to less intensive production systems have reduced overall output. Besides, pig meat production has continued to decline with low prices and costly restrictions forcing the industry into loss. Overall output has fallen by around 50% since 1996 and self-sufficiency in 2001 was close to 70%*²¹⁷.

The British have suffered from high food prices -although it is a global phenomenon - may have inflationary effects for the British economy. Furthermore, if inflation has a direct impact on society, it can best be identified as the rise in the cost of living, which might, in turn, create secondary effects namely people’s demand for higher wages.

It is commonly known that the EU is a customs union area and that Britain has to confront to the Union’s protectionist measures, otherwise, she will have to pay high tariffs. As a consequence to such a policy, Britain’s imports and exports have dramatically fallen with her ex-colonies of the empire -now members of the Commonwealth. By the time Britain was negotiating for EEC membership, many other Commonwealth members such as New Zealand and Canada expressed their deep worry as they knew that such a move would fundamentally imperil and even reduce

²¹⁴“Agriculture and Minimum Prices: A Problem of Surpluses”, p02, quoted in Sloman, John and Mark, Sutcliffe, Economics for Business, (2004), 3rd ed.,

²¹⁵Rotherham, p 03.

²¹⁶Britain least self-sufficient in food since 1968,

<http://www.telegraph.co.uk/foodanddrink/foodanddrinknews/8021327/Britain-least-self-sufficient-in-food-since-1968.html>, accessed on 05/01/2013.

²¹⁷Self Sufficiency and Over Production- Livestock Products UK,

http://www.ukagriculture.com/food/self_sufficiency_and_livestock.cfm, accessed on 05/01/2013.

the effectiveness of the relationship between the UK and Commonwealth. Indeed, British imports and exports have relatively been diminished owing to the operation of the CAP, because 68% of UK's food imports come from EU member states²¹⁸.

The other crucial aspect in which Britain's economy will profoundly suffer from would be balance of payments problem, which would, inevitably and eventually, cause a considerable handicap to Britain's economic prosperity by both pay for the European budget and reimbursing for food products imported from non-EU member countries²¹⁹. If the CAP places such burdens and causes such high costs to its members, then, why weren't there serious reforms which will best suit all the member states? In The Economics of European Union: From Common Market To European Union, Dennis Swann claims that the CAP is based on not only economic objectives but it was primarily a political compromise between France and Germany whose functioning implies that Germany would help pay for France's farmers on condition that German industry would have access to the French market²²⁰.

Throughout its lifetime, the CAP has come under heavy criticism. Therefore, it is necessary to expose the role that Britain played in attempting to reform the CAP, knowing that she was against since she joined the EC. Britain suggested that farm production subsidies should be trimmed down in the new CAP to build a more competitive farming industry which is not dependent on any direct subsidies. Such a policy will involve "a process of transition towards better returns from the market, with any remaining CAP funds rewarding farmers for the valuable benefits they provide- for wildlife, people and the landscape"²²¹. Major reforms that have occurred to the CAP did, in reality, happen in an on-going process. It is a matter of truth that there existed early attempts at reforming the CAP, as early as in 1968 with the Mansholt Plan which aimed at encouraging "*nearly five million farmers to give up*

²¹⁸ David Barling, Rosalind Sharpe, Tim Lang, (2008), "Rethinking Britain's Food Security", Centre for Food Policy, City University London, A Research Report for the Soil Association, p26.

²¹⁹ John. S. Marsh, "The Problems Facing Great Britain As A Result of the Common Agricultural Policy", Eur Rev Agric Econ (1973) 1 (1):47-62.doi: 10.1093/erae/1.1.47, <http://erae.oxfordjournals.org/content/1/1/47.abstract>, accessed on 05/01/2013.

²²⁰ Penguin Group : England, Ninth edition (2000), p232.

²²¹ Jim Paice, Marek Sawicki, "Britain and Poland Call for Radical CAP Reform", <http://www.defra.gov.uk/news/2011/09/20/britainpolandcapreform/>, published in 20 September 2011, accessed on: 07/01/2013.

farming: that would make it possible to redistribute their land and increase the size of the remaining family farms, in order to make them viable and guarantee for their owners an average annual income comparable to that of all the other workers in the region”²²². The Plan has not being looked at seriously by the agricultural community, because of the strong agricultural lobbies that tend to do their best to save their interests in the wider European agricultural industry.

It was not until 1992 that serious efforts to reform the CAP have begun to see light foreshadowing for further solemn reforms. These reforms will not be looked at thoroughly, only briefly, for the purpose in here is to provide a background in order to highlight the impact of the reforms on British agricultural sector in general. In the history of the EU, the year 1992 marks the Mac Sharry reforms. The reforms represent the expansion of milk quotas and set-aside, in which farmers are paid in order not to use either part or all of their land, and more importantly reductions in institutional prices for cereals and beef. In return, farmers are given direct payments per head of livestock and hectare under crops, i.e. one-off payment not linked to production. The CAP reforms did not stop at the MacSharry but extended to the Agenda 2000, which was agreed in 1999. It introduced a new rural development policy as a second pillar of the CAP coming after production support, the first pillar of the CAP. Rural development encouraged various rural projects, and it also helped farmers to vary and develop their product marketing, or, if necessary, modernise by restructuring their businesses²²³.

A further reform which is, in fact, more of a document known as 'Agenda 2000' was issued in 1997. The document was meant to bring forth reforms that will have to accommodate to new realities and challenges awaiting the EU in its next enlargement of 2004. The document's fundamentals focused on several points. To name but a few, diminution of intervention price so as to further free up the agricultural market. It put more attention on rural and environmental areas. It looked at the financing of the CAP. And last but not least, it took into consideration the

²²²The Crisis Years: The 1970s, http://ec.europa.eu/agriculture/cap-history/crisis-years-1970s/index_en.htm, last update: 19/04/2012, accessed on: 07/01/2013.

²²³ Agenda 2000, http://ec.europa.eu/agriculture/cap-history/agenda-2000/index_en.htm, (last update: 19/04/2012), accessed on: 07/01/2013.

structural reform with a view to get the CAP ready for the coming EU enlargement²²⁴. The last but not least reform, and the recent one, was in 2003 which includes a set of changes. The most famous was decoupling. The latter's essence is to decouple "*at least three-quarters of payments in the arable sector and at least half of the total value of payments in the sheep and beef sectors from 2005...The decoupled single farm payment will be based on average payments claimed over the three year reference period 2000 to 2002*"²²⁵. These payments will be reduced by 3% in 2005, and so they will be modulated for each and every year thereafter. The reform included also the cross compliance policy which is related to environmental, food safety and animal welfare standards. The deadline for the reform to enter into force was 2005. However, member states were given flexibility in applying these reforms only relatively as they were given a transitional period extending the reform in their country up to 2007.

It is doubtless that the CAP was, and still is; the most disapproved and condemned common policy of the EU. Despite the reforms that have been suggested throughout the CAP history, yet it is still not only costly but brings damage into its member states. Now, the particular case to be tackled in here is the effects, or the outcome, of these reforms over Britain's farming sector. How was the CAP helpful or otherwise to Britain? So, the interest herein is to find out that if among the objectives of the CAP is to "provide consumers with food at reasonable prices", then why are there such high food prices which keep but increasing even far above world prices? Where (to whom) does the money of higher prices go? Who benefits from it knowing that Britain pays for the EU's CAP £10.3 billion a year (including both direct and indirect subsidies) this is around £400 for every British family?

It has already been explained that high food prices right through the UK and Europe are caused by the two CAP policies of import tariffs and import quotas which artificially raise the prices all over the EU countries. In reality, looking at where most of the CAP money is spent, the idea that it is being spent 'where it is most needed', becomes decidedly open to discussion. As the EU is preservative about publishing

²²⁴ Thomas Lassen, "What Are the Economic Consequences of the EU's CAP on Trading with Africa?", (2009), p16.

²²⁵ Christopher Price, "CAP Reform 2003: A One-page Summary of the Settlement", http://www.cla.org.uk/News_and_Press/Latest_Releases/Housing/Housing/1647.htm/, accessed on: 08/01/2013.

details of CAP recipients, the paper tried hard to find out the ‘secret’, or at least hints of it. It in due course discovered that “the country's largest farmers were receiving an average of 230,000 a year, while the average subsidy for all farmers in Scotland was a mere £9,000”²²⁶. According to the British Broadcasting Corporation (BBC) report, major beneficiaries from the CAP consist of rich landowners such as the British royal family and European aristocrats with big inherited estates. Therefore, “*about 80% of farm aid goes to about a quarter of EU farmers- those with the largest holdings*”²²⁷. Besides, as reported by the Organization for Economic Co-operation and Development (OECD), only 10% goes to ordinary British farmers, the rest goes to large landowners with 26%, and agricultural supply companies (or agri-businesses) with 36% of benefits from market price support²²⁸. As a result, the main beneficiaries of direct CAP subsidies in 2003-2004 were mainly big landowners and large food companies: Tate and Lily £127m, Meadow Foods £26m, Granox Ltd £28m, Coop Centrale Bank RAI £15m, Duke of Westminster £0.5m, Duke of Bedford £0.4m, Earl of Plymouth £0.5m, HM Queen £0.4m, Prince Charles £0.3m²²⁹.

Therefore, the CAP hits hardest British consumers and taxpayers least able to pay. Those on lower incomes, for instance underprivileged families and pensioners, pay out a higher percentage of their earnings on high prices of food. EU Budget Commissioner Dalia Grybauskaite maintained that the CAP forces consumers within the EU to pay “*two or three times more for food than we would pay without this policy*”²³⁰. However, the opposing side of CAP supporters, including the Food and Agricultural Organization (FAO), argue that there exist a number of reasons which make high food prices in the UK along with other EU member states justifiable: the growing number of population, climate change, unstable oil prices which affect

²²⁶Who Benefits from the EU's CAP, <http://www.ukip.org/content/european-issues/962-who-benefits-from-the-cap>, published in: 01/04/2009, accessed on: 09/01/2013.

²²⁷Q&A : Reform of EU Farm Policy, <http://www.bbc.co.uk/news/world-europe-11216061>, published in: 12/10/11, accessed on: 09/01/2013.

²²⁸Waste Watch-EU Agricultural Common Policy, <http://www.youtube.com/watch?v=D9RPbGvwSss>, accessed on: 09/01/13.

²²⁹ Ibid.

²³⁰ Annual Costs of EU Membership, http://www.democracymovementsurrey.co.uk/dyk_eucosts.html, (2007), quoted from the Telegraph, November 25, accessed on: 09/01/2013.

agricultural input prices and unbalance in supply and demand for food crops and animal products²³¹.

Mrs Thatcher's signing of the Single European Act: An act which had possibly opened a road leading to her political demise

A major impact of Mrs Thatcher's success at getting her 'money back' was on the working and development of the Community trajectory. It, in evidence, not only improved Thatcher's relations with the EU but also contributed in boosting the integrationist economic project of the Community "*once the budget bitterness was sorted out, European integration thrived*"²³². Signing the Single European Act in 1986 and its coming into force one year later brought to an end the period of European 'sclerosis' which characterised the European both political and economic scenes during the end of 1970s and beginning of the 1980s, when Europe's project of integration perceived stagnation with tardy rate of enlargement and a remarkable lack of democracy. The economic context of this period of 'sclerosis' witnessed an overall economic recession with slow economic growth which was accompanied with high unemployment. During this period of 'Euro-pessimism' or 'Euro-slump', opponents of European federalism and supporters of free trade economy believed that the European project of integration was doomed to fail as they underestimated previous attempts of the Community which were meant to strengthen relations between the member states.

However, and in 1985 Lord Cockfield, the Vice President of the European commission in charge of the internal market programme, forwarded to the European council a White Paper on completing the European internal market by introducing a report laying out nearly 300 recommendations to remove trade barriers by 1992 and help to make the EC more competitive economically. The paper established a programme aimed at creating a single European market which introduced the "*dismantling of all the obstacles-physical [border controls], technical [rules and regulations] and fiscal*

²³¹Nichola Cantore, "Impact of the Common Agricultural Policy on Food Price Volatility for Developing Countries", 2012, p02.

²³²Baldwin, p 01.

[different tax rates] - which, at present, fragment the Community's economy and smother its potential”²³³. The paper came as a response to Jack Delors', the President of the Commission, ambition to accomplish the main objective of the Rome Treaty 1957- the construction of a single market. Lord Cockfield's programme of completing the internal market was positively looked at in the Milan European Council 1985 which came into decision, by a majority of its members, to call an intergovernmental conference which would deal with the amendments to the EEC Treaty needed for the achievement of the internal market. The Commission's proposals for a 'single framework' for the amendment of the EEC Treaty and for an eventual political cooperation were finalised in the form of a Single European Act (SEA).

The Single European Act (1986) gave a new spirit and a new impulse toward deeper European integration. It allowed the 'relaunching' of Europe since the Treaty of Rome had not achieved its aims of establishing a genuine common market. The SEA's main purpose was to set up a deadline for the creation of a full single market by 1992. It aimed at improving the way in which the Community institutions worked; the SEA “*sought to improve democracy by strengthening the power of the parliament to discuss new laws, and it gave the parliament the power to veto the admission of new member states*”²³⁴. It is worth noting, however, that even in the face of its being the biggest move toward European integration so far, apart from Denmark and Ireland, EC members did not put forward any referendum to their citizens on whether to acknowledge or deny the SEA²³⁵.

The prominent feature of the Single European Act was entrenching the four freedoms which were made the policy and the objective of the internal market (sometimes known as the single market, previously the common market). These are

²³³ Europa, “Completing the Internal Market by 1992: An Irreversible Process”, IP/87/508, http://europa.eu/rapid/press-release_IP-87-508_en.htm?locale=en, (Accessed on: 16/01/2013).

²³⁴ Single European Act, last updated : 27/07/11, <http://www.civitas.org.uk/eufacts/FSTREAT/TR2.htm>, accessed on: 17/10/13.

²³⁵ Nick Potts, “European Business Environment : The Birth of the EU”, (2008), <http://www.google.co.uk/url?sa=t&rct=j&q=european%20business%20environment%20%3A%20the%20birth%20of%20the%20eu&source=web&cd=1&cad=rja&sqi=2&ved=0CCsQFjAA&url=http%3A%2F%2Fwww.economicsnetwork.ac.uk%2Fsites%2Fdefault%2Ffiles%2FThomas%2520Allen%2FThe%2520Birth%2520Of%2520The%2520EU.doc&ei=D7P3UMPRDNGO4gS6nYGwAQ&usg=AFQjCNFAwGPd6ezIrRzMYEVsCSkI1YMDTw&bvm=bv.41018144,d.Yms>, accessed on 17/01/13, p 12.

the free movement for goods, people, services and capital. The Treaty on the Functioning of the European Union (TFEU), or the Treaty of Rome, was given the former name when it was amended by the Lisbon Treaty²³⁶. TFEU sets out organizational and functional details of the European Union.

According to article 110 of the TFEU, free movement for goods declares that “no Member State shall impose, directly or indirectly, on the products of other member states any internal taxation of any kind in excess of that imposed directly or indirectly on similar domestic products”²³⁷. Article 30 of the same treaty makes illegal the member states’ charging any taxes on goods crossing the internal borders of the EU’s countries²³⁸. This measure suggested also in the White Paper 1985 that physical barriers including border and customs checks would be taken away. However, Mrs Thatcher argued that this could not happen for fear that it would encourage illegal immigration. Article 45 (ex-39 and 48 EC) guarantees the freedom of movement for workers. The scope of the latter entails the security of workers within the Union, the eradication of any intolerance based on nationality between workers as regards employment, payment and conditions of work; it locates the rights and limitations to the fundamental right-on grounds of public policy, public security and public health, it also discharges employment in the public service²³⁹. This measure restricts this

²³⁶ The Lisbon Treaty was signed in 2007 and was ratified by eighteen EU nations. Under the Treaty, the EU President has a significant power base, consisting of 3,500 civil servants in the Council Secretariat. It made the EU more powerful to act in fields like human rights, judicial and foreign policy, and re-emphasised the idea that every citizen of a member state is an EU citizen. Before Lisbon, decisions were made through unanimity, however, new methods were introduced to reduce limitations and make of the EU easier to understand. As a result, the Qualified Majority Voting replaced unanimous voting. The QMV implies that the EU voting system necessitates 55% of EU Council members, representing at least 65% of the EU’s population must vote in favour of a proposal of it to pass where votes are spread in relation to the size of a country. The Lisbon Treaty explored further areas which more developed in the social chapter.

²³⁷ Gary. L. Walters, “Treaty on the Functioning of the European Union”, (2011), <http://www.google.co.uk/url?sa=t&rct=j&q=article%20110%20of%20the%20tfEU&source=web&cd=6&cad=rja&ved=0CFoQFjAF&url=http%3A%2F%2Fs346216344.websitehome.co.uk%2FDocumentDownloadSpace%2FEU%2520Law%25201%2F1.2%2520GW%2520Free%2520Movement%2520of%2520Goods%2520-%2520student%2520version.pdf&ei=c973UJ2xN8vAswa9moDoDQ&usg=AFQjCNFtsoG5JrwnNX892ET9GjDtArN6GA&bvm=bv.41018144,d.Yms>, accessed on: 17/01/13, p 06.

²³⁸ Idem.

²³⁹ Free Movement of Persons, http://www.google.co.uk/url?sa=t&rct=j&q=article%2045%20of%20tfEU&source=web&cd=3&cad=rja&ved=0CDsQFjAC&url=http%3A%2F%2Fwww.uio.no%2Fstudier%2Femner%2Fjus%2FJUR5440%2Fv10%2Fundervisningsmateriale%2FFMOP-Maria-1.pdf&ei=mOb3UK24J8OVtQbco4DoDQ&usg=AFQjCNHhyxFA3-EmkutF4ZoSD_unmKkpBw, accessed on: 17/01/13, p02.

freedom only to migrant workers who should be connected to an economic activity, that is, factors of production²⁴⁰.

In the Treaty of Maastricht 1993, before that of Lisbon, the scale of freedom was lengthened to retired workers (directive 90/365), students (directive 93/96) and all others (directive 90/364) on condition that they must be economically self-sufficient²⁴¹. The other freedom of movement provided in the SEA is that of services. In article 56 TFEU and with further guidance in article 57-62 TFEU, the latter allows self-employed persons to move between member states in order to provide services on a temporary or permanent basis. Free movement of services is also linked to freedom of establishment which is stated in Article 49 stating that:

...restrictions on the freedom of establishment of nationals of a Member State in the territory of another Member State shall be prohibited.... Freedom of establishment shall include the right to take up and pursue activities as self-employed persons and to set up and manage undertakings, in particular companies or firms within the meaning of the second paragraph of Article 54....

Article 54 confirms that “...companies or firms constituted under civil or commercial law, including cooperative societies, and other legal persons governed by public or private law, save for those which are non-profit-making”. Last but not least freedom of movement was of capital which is mentioned in Article 63 TFEU (ex Article 56 EC). This particular area essentially protects financial operations within the internal market. It is aimed to authorize movement of capital investments for instance property purchases and buying of shares between countries²⁴².

Now, the question to be asked is what is the importance of the SEA to the UK? Why did the latter sign the SEA, knowing that agreeing to the new pillars of the European Single Market that was in progression would restrict the ability of individual member states to control the above mentioned areas of activity? If she was so jealous of her country's sovereignty, why did Mrs Thatcher sign the SEA since the latter had

²⁴⁰Idem, p03.

²⁴¹Idem, p08.

²⁴²European Commission, “Financial Services and Capital Markets”, last update: 07.12.12, accessed on: 17/01/13.

given more power to the European Parliament, thereby decreasing the role of the UK's along with every other EU's parliament? Why did the most Eurosceptics government in the world sustain such radical developments initiated by the SEA?

The above mentioned four freedoms were soon to become pillars of the European Single Market (SEM) which was advancing gradually its long way between 1987 and 1992. The UK's share of boosting the progression of realizing the Single Market was of remarkable importance. Although the UK had previously opposed other initiatives that sought to strengthen European integration namely the European Monetary System and its Exchange Rate Mechanism in the late 1970s, yet she supported the single integrated market by signing the SEA. The latter hailed economic ideas which were very much in line with those of the new Thatcher government. The Act calls for greater deregulation and less government intervention, interestingly they are both key Conservative and Thatcherite principles of deregulation, economic liberalization and privatization. Building a common market seemed to put forward for the UK the unsurpassed occasion since she had joined the EC. That is because she believed that through the Single Market, she could shape the Community in a way that would go well with her own concerns²⁴³. The British have even gone further and argued that the European economy needed to become more British, that is, “‘*Thatcherized*’ in the 1980s and early 1990s, ‘*modernized*’ since 1997”²⁴⁴. If Thatcherism²⁴⁵ was successfully implemented at the European level, this would make remote the possibility of going back to Keynesian state interventionist, mercantilist policies held by many European nations. Such motive had triggered off the British government to be the leader of the Single Market, thereby, by so doing moving so

²⁴³Geddes, (2004), p137

²⁴⁴Idem.

²⁴⁵Martin Holmes in Thatcherism: Scope and Limits, 1983-1987 (1989, p 09) defined Thatcherism as essentially “the advocacy of a market economy, where the state fulfils strictly limited functions such as monetary control, the upholding of the rule of law, and the provision of the defence of the realm. ... As an intellectual descendant of Adam Smith's free-market vision, Thatcher could not help but challenge the post-war consensus based on nationalisation, Keynesian economics, government regulation and planning, the provision of universal, rather than needs-based, selected welfare”.

close to her original conception of creating a free trade zone adopted by the late 1950s²⁴⁶.

It has strongly been argued that there are both tactical and ideological incentives which have encouraged the British to consider seriously the SEA programme. The first reason was that the UK wanted to give a more positive attitude about itself, especially after the bitter budget rebate debate. The other reason was that the UK could no longer live with the reality that it is literally an isolated member. The UK believed that it does not have a say now then how it would be difficult in the future. Signing the SEA was an indication of guaranteeing her future place not only in Europe but also in the world. Because economic collaboration was already her goal, she made the Single Market a number one priority²⁴⁷.

However, the iron lady soon started discovering that the real intentions behind the Single Market were not purely economic as 'Europe' had a different objective of the four freedoms. Jacques Delors, the then President of the European Commission, viewed the Act as a stepping-stone to closer European integration. "*For the British government the Single Market was an end in itself, not a means to an end*"²⁴⁸. Indeed, it is most thought provoking as to how could the most vehement opponent agree to such integrationist project? Immediately after the SEA agenda was made clear, Mrs Thatcher was beginning to believe that it was she and no one else who had misread the factual nature behind the SEA and that she had been deceived into giving in some of the UK's sovereignty²⁴⁹. In a speech at Bruges in September 1988, Mrs Thatcher made clear that the UK:

[H]ad not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level... The Treaty of Rome had been intended as a charter for economic liberty [and that] the aim of the Community should not be more and more detailed regulation from

²⁴⁶The Single European Act, <https://digitalcollections.anu.edu.au/bitstream/1885/46073/13/03Chapters5-9.pdf>, Accessed on: 17/01/2013, p 163.

²⁴⁷The Single European Act, <https://digitalcollections.anu.edu.au/bitstream/1885/46073/13/03Chapters5-9.pdf>, Accessed on: 17/01/2013, p 163.

²⁴⁸Geddes, (2004), p137.

²⁴⁹*The Economist*, 20 May 1989, p 69.

*the centre but to deregulate, to remove the constraints on trade and to open up*²⁵⁰.

In the same occasion, Margaret Thatcher spoke fervently of her standpoint in opposition to the federalizing tendencies of the European Commission through the SEA and the single integrated market. She backed her outspoken defence of British sovereignty by explaining that *“her acceptance of the loss of sovereignty that would result from the creation of the single integrated market was motivated by her neo-liberal convictions and certainly not out of any desire to increase the powers of the EC institutions”*²⁵¹. Yet, it remains strange, indeed, how could a brilliant prime minister like Margaret Thatcher fail to understand the ramifications of the SEA which would go well beyond mere economic liberalization? Although, Europe had always, since the Treaty of Rome, made clear the real objective behind economic collaboration! Up to this date, eager enthusiasts for more European integration *“still cackle with amusement over how Mrs Thatcher was persuaded unwittingly to sign away so much sovereignty”*²⁵².

The UK and the European Economic and Monetary Union (and later the saga of not joining the European single currency)

After taking such a huge step towards more economic integration by establishing the Single Market after signing the SEA, member states of the EC felt the need that the integration process could not work efficiently without monetary union²⁵³. European economic integration working alone could not make successful the completion of the single market; it needed monetary integration in order to guarantee the continuity of European integration. Although according to the timing of its development, economic integration started much earlier than monetary one.²⁵⁴ Establishing a European Economic and Monetary Union (EMU) has always been there but could not be

²⁵⁰Bruges Revisited, <http://www.youtube.com/watch?v=wkRwMFy0CVM>, accessed on: 18/01/2013.

²⁵¹The Single European Act, <https://digitalcollections.anu.edu.au/bitstream/1885/46073/13/03Chapters5-9.pdf>, Accessed on: 17/01/2013, p 164.

²⁵² The Economist, “Is Margaret Thatcher Winning in Europe?”, published in: 30/05/2002, <http://www.economist.com/node/1154326>, accessed on: 18/01/2013.

²⁵³ Wei Ming Hu, “The Founding and Function of EMU in European Integration”, Tamkang University : Taiwan, p01.

²⁵⁴ Wei Ming Hu, p 02.

interpreted into the ground of reality, despite the fact that it existed in a virtual way with the once successful European Monetary System and its virtual currency known as the European Currency Unit. In June 1988, however, the Council of Europe in its meeting in Hanover set up a committee under Jacques Delors, President of the European Commission, to discuss and make proposals concerning the necessary stages for the achievement of EMU. The result was the setting up of the Committee for the Study of Economic and Monetary union which presented a report in April 1989 known as the Delors Report. The latter made stronger the target of the EMU to be attained, the reasons for it in addition to appointing the sought after stages leading up to EMU.

The definition of the Economic and Monetary Union has widely been agreed to in the Delors Report. According to the latter, Economic union was defined in terms of four basic features:

- (i) A single market in which people, goods, services and capital can move freely;*
- (ii) Measures for the defence of competition and the strengthening of market mechanisms;*
- (iii) Community policies and necessary structural changes to enhance regional development;*
- (iv) The co-ordination of macroeconomic policy including the acceptance of compulsory rules in budgetary matters.²⁵⁵*

As far as the monetary union is concerned, it accredits to the three main constituents of the Werner Report (1970):

- (a) Full and irreversible currency convertibility;*
- (b) Total liberalisation of capital movements and full integration of financial markets;*
- (c) Elimination of margins of fluctuation and the irrevocable fixing of parities in exchange rates.²⁵⁶*

In order to attain the achievement of EMU, the Delors' Report portrayed three stages in the movement towards completing the internal market. The first stage of

²⁵⁵ The Path to European Union, http://www.google.co.uk/url?sa=f&rct=j&url=http://homepages.uel.ac.uk/K.Bain/EMU.pdf&q=the+delors+report+and+subsequent+development&ei=oA0JUee2DYmBtAa6_4CoBw&usg=AFQjCNFnuYD_71rtltF4PjMBJ9fCLyjBOW, accessed on: 19/01/2013, p 01.

²⁵⁶ Ibid.

EMU began in July 1990 and called for member states' economic policies to be coordinated more closely and that the capital movement should be liberalized. It was during this stage 1990-1994 that the Maastricht Treaty was signed 1991 when the 'criteria' for stage three were set²⁵⁷. The main purpose of stage two 1994-1998 was to reduce inflation and budget deficit and to this end European Monetary Institute (predecessor of European Central Bank) was set up. Member states were now required to carry out five convergence criteria on government deficit and debt, exchange rate stability, inflation and interest rates²⁵⁸. Stage two "*was devised as a transition step between stage 1 and the irrevocable locking of exchange rates (full EMU)*"²⁵⁹. It was during this stage when the ERM II was launched in order to link the Euro with currencies of non-participating member states. Regarding the third stage 1999-2002, the irrevocable fixing of exchange rates was initiated with the launch of the Euro as a single but virtual currency till 2002, for few member states namely Belgium, Germany, France, Finland, Austria, Italy, Ireland, Luxembourg, Spain, Portugal and the Netherlands. The third stage witnessed the inauguration of the European Central Bank with the most important objective of retaining price stability amongst the Member States²⁶⁰.

When the Maastricht Treaty was signed in 1992, the UK secured opt outs from both the social chapter and the adoption of the single currency. Despite the signing of the SEA which called for more integration within the internal market, the UK negotiated an 'opt out' clause from the third stage of the EMU which was meant for the preparation for the introduction of the single currency. What is/are the reason(s) for such an act?

It was in the Maastricht Treaty that the EMU was made part of EU law and set out a plan for single currency to be established by 1999. However, participation in monetary union required the attainment of the Maastricht Convergence Criteria (MCC) by the member states of the EU:

²⁵⁷ Amie Kreppel, "European Monetary Union : Theory, History and Consequences", p 05.

²⁵⁸ Anthony Smallwood, "EU Focus: EU Economic and Monetary Union: A Framework for Stability", 2009, p05.

²⁵⁹ Kreppel, 05.

²⁶⁰ Ibid.

1. Each country's rate of inflation must be no more than 1.5% above the average of the lowest three inflation rates in the EMS;
2. Its long-term interest rates must be within 2% of the same three countries chosen for the previous condition;
3. It must have been a member of the narrow band of fluctuation of the ERM for at least two years without realignment;
4. Its budget deficit must not be regarded as 'excessive' by the European Council, with 'excessive' defined to be where deficits are greater than 3% of GDP for reasons other than those of a 'temporary' or 'exceptional' nature;
5. Its national debt must not be 'excessive', defined as where it is above 60% of GDP and is not declining at a 'satisfactory' pace.²⁶¹

Starting from these convergence criteria, one might raise the question: was Britain ready to meet up with them? If Britain was, why, then, didn't she enter to the third stage of the EMU and eventually adopt the Euro- the most visible symbol of European integration?

According to the first criterion, the UK inflation rate was well within the limits, that is, "the average of the three best performing member states is 1.1percent, so that the UK's inflation rate is 1.7 percentage points below the 2.6% limit that would currently be set by the Treaty criteria"²⁶². The other criterion that concerns the UK's budget deficit of less than 3 % of GDP at market prices, the UK did also adequately meet the fiscal criteria. *"The Commission forecasts 0.1% of GDP deficit in 2000 which, on its own calculation, should normally allow the UK to stay within the 3% limit even if facing a substantial recession in line with past experience... The UK budget position should now allow the automatic fiscal stabilisers to work with full effect within monetary union"*²⁶³. The third fiscal criterion which has reference to the general government debt to GDP of less than 60% is also according to Kennedy, a British Liberal Democrat politician who led the Liberal Democrats from 1999 until

²⁶¹Brian Burkit, Mark Baimbridge and Philip Whyman, "Is Europe Ready for EMU: Theory, Evidence and Consequences", 1998, The Bruges Group, <http://www.brugesgroup.com/mediacentre/index.live?article=102#attainment>, accessed on: 25/01/2013.

²⁶² Charles Kennedy, "Britain's Adoption of the Euro", Report of the Expert Commission, p 10, http://www.google.co.uk/url?sa=t&rct=j&q=britain's%20adoption%20of%20the%20euro&source=web&cd=4&cad=rja&ved=0CEoQFjAD&url=http%3A%2F%2Fwww.eabcn.org%2Fresearch%2Fdocuments%2Fportes00.pdf&ei=_NCUei-Fcjmswa6klCQDQ&usg=AFQjCNHPR9NDYQe8jH6PBg3C8Bgcz0IHlg, accessed on: 25/01/2013.

²⁶³Ibid, 11.

2006, met by the UK as “the British gross debt to GDP ratio is forecast to be 42.1% and still declining”²⁶⁴. As for the long-term interest rate that must not exceed that of the best three states (with lowest inflation) by more than 2%, the UK does meet such a criterion for the reason that her long-term interest rate is of 1.74%²⁶⁵. The last but not least criterion is stated in Article (ex Article 109j) and it deals the fact that the ECB and the Commission must analyse “the observance of the normal fluctuation margins provided for by the exchange rate mechanism of the European Monetary System, for at least two years, without devaluing against the currency of any other member state”²⁶⁶.

However, it is in this convergence criterion that the UK found most complexity. For the UK, the difficulty lies in the fact that the exchange rate criterion was outlined in a world before the 1992 ERM crisis, “*in which the most commonly envisaged route to EMU was a gradual alignment and then final locking of exchange rates*”²⁶⁷. For the UK, it is difficult to deal with a fixed but adjustable exchange rate since capital flows and fixed exchange rate regimes have considered becoming a target for speculators²⁶⁸. “*Either the fixed rate band has to be widened, or the independence of monetary policy has to be abandoned so that the interest rate can be used to influence the exchange rate rather than domestic conditions*”²⁶⁹. As a result, the UK did not adopt the Euro nor did she enter into the third stage of the EMU as according to the convergence criteria the UK does not have an increased level of interdependence in trade with the other EU member states, and not less importantly, its economy is out of synch with the continental cycle.

Yet, when the Labour government was in office under Tony Blair, its official position was in favour of the UK joining the Euro-but when ‘the time was right’. And for the time to be right, Gordon Brown, the then Chancellor of the Exchequer, in October 1997 introduced five economic tests that must be passed. The government promised that if these were to be passed, then it will propose joining and that the

²⁶⁴Idem.

²⁶⁵ Euro Convergence Criteria, http://en.wikipedia.org/wiki/Euro_convergence_criteria, (last modified in 2013), accessed on: 25/01/2013.

²⁶⁶Kennedy, 11.

²⁶⁷Kennedy, 12.

²⁶⁸Idem.

²⁶⁹Idem.

decision will be made by the electorate at a referendum. So, next to the five Maastricht Convergence Criteria, the British government adopted five supplementary tests whose aim was to confirm whether the decision to adhere to EMU would be advantageous for the UK. The first test is about *whether business cycles and economic structures are compatible so that we and others could live comfortably with Euro interest rates on a permanent basis*. The difficulty with this, however, is that in an active economy based on globalism, it is difficult to define that the economy of a certain country can *converge*, and even if it does “differential productivity, technology and demand changes, together with the discovery of new process and commodities, will inevitably re-establish ‘divergence’”²⁷⁰. The other difficulty is that the government did not precise which interpretation of convergence is it, cyclical or structural, although both are interconnected.

The aim of the test is to know if the business cycle in the UK is convergent with that of the Euro zone countries. The second test: *if problems emerge is there sufficient flexibility to deal with them?* This addresses directly the question of asymmetric shocks, that is, if the UK is affected by certain economic blows like oil price instability, then, it would be important to have flexibility in order to cope with the situation. Because adopting the single currency would mean delivering control to exchange rates and monetary policy, and if without flexibility this would imply having a negative impact employment-mainly. Therefore, the test tackles the measures of flexibility qualified for creating solutions in case of high and durable idleness. The question test, however, “fails to confront directly the crucial issues for a single currency, i.e. labour mobility and price-wage flexibility across the EMU zone”²⁷¹. The third test question: *would joining EMU create better conditions for firms making long-term decisions to invest in Britain?*, goes straight to whether joining the single currency would promote inward investment either from foreign investors, coming from the USA, Japan and even from other Euro zone countries, or from home investing companies. In order to ameliorate investment, growth and employment, the

²⁷⁰ Brian Burkitt, Mark Baimbridge, Philip Whyman, “Is Europe Ready for EMU? Theory, Evidence and Consequences”, 1998, The Bruges Group,

<http://www.brugesgroup.com/mediacentre/index.live?article=102#five>, accessed on: 26/01/2013.

²⁷¹ Ibid.

country needs sufficient flexibility and convergence²⁷². The fourth test question: *what impact would entry into EMU have on the competitive position of the UK's financial services industry, particularly the City's wholesale markets?* It looks over the UK's large financial services if the pound is withdrawn, it also wonders about the future of the City of London, by adopting the Euro, would the City lose its importance and value to Frankfurt by moving the immensity of business over there, or would it be the contrary, that is, the City would turn up to be more attractive for large business if it joins the Euro area. The fifth test question: *in summary, will joining EMU promote higher growth, stability and a lasting increase in jobs?* It implies the impact of adopting the Euro on the UK's macroeconomic situation in general, i.e. what is the effectiveness on the pace of economy growth, and would long-term employment be higher and more stable?²⁷³

Certainly the five test questions suggested by the UK government brought more clarity and additional room to the Maastricht Convergence Criteria which proved to be limited by bringing to light a number of decisive questions for advanced investigation. Although the tests, however, on the surface, seem to be simple, and yet, on the ground of reality, they have proved to be more complicated. There were two major reasons that manifest such complexity. The first reason lies in the vagueness of the test questions, which provide evidence that “they are not easily measurable and thus people can make judgements according to their own perspective”²⁷⁴. The other reason is that the political situation in the UK leans more towards Euro scepticism, and in such an atmosphere the government cannot risk making a referendum even if the tests were passed. So, in this case the vagueness of the tests is meaningful and purposeful as it goes for the benefit of the government since it can keep up this condition for a longer time till the public opinion gets more softened, then, at that time it can hold a referendum after declaring that the tests have at last been met²⁷⁵. By 2003,

²⁷² Ibid.

²⁷³ Kennedy, p.18.

²⁷⁴ International Economics, “UK Convergence Criteria for Euro Membership: Passing the Five Tests”, 2010, <http://www2.sdfi.edu.cn/jpkcweb/zqh/jxal/show.asp?id=115>, accessed on: 23/01/2013.

²⁷⁵ Ibid.

the UK government brought in its review together with conclusions on each of the tests to present the Treasury's overall assessment of the five economic tests²⁷⁶.

Since the five economic tests have not been met, the UK government decided not to join the EMU and with it the single currency at least in the foreseeable future. The UK government stance regarding participating in the EMU has always been clear. Unless the EMU will achieve high and stable levels of growth and employment for the UK, that the latter will consider playing a part in EMU. About the UK's policy towards EMU, Gordon Brown assessed that "if, in the end, a single currency is successful, and the economic case is clear and unambiguous"²⁷⁷. Even when the UK decides that the five economic tests have finally been met, it cannot join until she meets the Maastricht Convergence Criteria, to name the most complicated one for the UK is joining the ERM II.

Hence, as the UK is one of the core members of the EU, therefore, making such a decision of being once more detached from her European neighbours, this generates further debate and discussion at home about the impact that the Single Market and later EMU would have on the UK being outside the Monetary Union, on the one hand, and the impact of the EMU on the UK, had it joined the Monetary Union, on the other hand. In a more direct way, what are the economic consequences of the UK opting out? What would the consequences be if the UK ever joins the EMU (in short or long term)? In fact, the impact would be measured in terms of advantages and disadvantages of both being out and the possibility of being in.

Advantages of the UK being out are expressed by opponents of British participation who argue that "*by standing aside, the UK will avoid the instabilities that the single currency will cause, and will keep its present competitive edge*"²⁷⁸. It has

²⁷⁶ See Ed Potton and Adam Mellows-Facer in "The Euro: Background to the Five Economic Tests", Research Paper 03/53, 2003,

<http://www.google.co.uk/url?sa=t&rct=j&q=assessment%20of%20the%20uk's%20five%20tests&source=web&cd=6&cad=rja&ved=0CFgQFjAF&url=http%3A%2F%2Fwww.parliament.uk%2Fcommons%2Flib%2Fresearch%2Frp2003%2Frp03-053.pdf&ei=qS8FUf2GAs21hAfKmoBY&usg=AFQjCNFMcjeeKTMlZQqt-q1wR47yR7nOkw>, accessed on: 27/01/2013.

²⁷⁷ Statement by Gordon Brown to the House of Commons, 27 October 1997.

²⁷⁸ David Currie, "The Pros and Cons of EMU", 1997, updated summary of a report published by the Economist Intelligence unit, p 01, <http://www.google.co.uk/url?sa=t&rct=j&q=advantages%20and%20disadvantages%20of%20emu%20for%20th>

been strongly argued by Eurosceptics that “*advantages of the Single Market would accrue whether or not the UK was an EU member*”²⁷⁹ and that “*as the world’s fourth largest economy the UK has nothing to fear from a go-it-alone strategy*”²⁸⁰. However, proponents of the Single Market announce that “*more than 3 million British jobs and one-seventh of all UK income and production are linked to trade with other EU member states*”²⁸¹; and that “*more than 50 per cent of British trade is with other EU member states*”²⁸². Moreover, supporters of Britain’s membership of the EMU sustain that if the UK does not join the EMU, it will be once more marginalised in affairs which concern not only the Market but even matters beyond it; therefore, they assert that the future of the UK would inevitably be within the EMU because they fear that if the UK does not, it would miss another chance of taking part in helping shape Europe’s future, and by so doing, permitting the chance to be manipulated by others²⁸³. They maintain that “*the UK would become a much less attractive location for inward direct investment from other parts of the world, which has played a crucial role in transforming the UK’s industrial performance*”²⁸⁴.

Although, some claim that the single currency is an ‘emperor’ without clothes²⁸⁵, and yet there exists many advantages that the UK would have if it joins the EMU. To name but a few, if Britain adheres to the EMU and adopt the single currency, this would act as a completion to the Single Market where all that has to do with trade would operate more effectively and efficiently²⁸⁶. In relation to adopting the Euro, UK firms and individuals will not have to worry about getting the money changed since they used to get high conversion charges; so, with the Euro, UK firms

[e%20uk&source=web&cd=8&cad=rja&sqj=2&ved=0CGQQFjAH&url=http%3A%2F%2Farchive.treasury.gov.uk%2Fpub%2Fhtml%2Fdocs%2Femupc%2Femupc.pdf&ei=QZkHUersA8rEtAaV-oDwCg&usg=AFQjCNHMyRehBxqNrgzoIaCP7igemRS1QQ&bvm=bv.41524429,d.Yms](http://www.treasury.gov.uk/publications/docs/default.asp?docid=111111&doclang=en&docref=111111), accessed on:

28/01/2013.

²⁷⁹ Geddes, (2004), 139-140.

²⁸⁰ Geddes, (2004), 140.

²⁸¹ Geddes, (2004), 139.

²⁸² Idem.

²⁸³ Currie, 01.

²⁸⁴ Currie, 01-02.

²⁸⁵ Baimbridge et al, <http://www.brugesgroup.com/mediacentre/index.live?article=102#conclusion>, accessed on : 27/01/2013.

²⁸⁶ Kimberly. E, S. Ingraham, “The Economic costs and Benefits to the United Kingdom’s Joining the European Economic and Monetary Union”, 2000, p 27.

will avoid spending millions a year buying and selling foreign currency- the Euro- to do business in the EU²⁸⁷.

The other advantageous effect that the UK would have and which relates to the adoption of the single currency is the elimination of the distorting effects of exchange rate differences. People from the neighbouring continent find it often difficult to exactly compare measure up the prices of goods, services and resources across the EU²⁸⁸. The single currency would encourage investment both foreigners coming at home, or British investors investing in other EU countries, and results from the elimination of the uncertainty caused by exchange rate fluctuations²⁸⁹. A long-term advantage of being in the EMU is that the British pound would make the latter even stronger and self-sufficient and, therefore, self-sufficient as it can survive without trading with anyone outside the EMU area. A strong argument that is manifested in here is that a powerful EMU can continue to exist with or without the two globally strong economies namely Japan and the USA. The argument is that the EMU could be a rival to these 'big two'.²⁹⁰ A further advantage for the UK would be on trade as it would be boosted by the Union through the wiping out of exchange rate fluctuations, and the lowering costs to industry as British companies will not have buy foreign exchange for use within the EU. The UK, in this case, would have the opportunity to enlarge its trading bloc with the eastern European countries.²⁹¹ The last but not least, but not the less important benefit for joining the EMU would include the "prospect that the independent European Central Bank (ECB) will deliver durably low inflation for the EMU area"²⁹².

As concerns the disadvantages of the UK's adhering to the EMU can be manifested in the fragility and instability of the system. The 1992 ERM crisis is the best example to the system's volatility as the UK withdrawal was a bitter humiliation

²⁸⁷ David Heathcoat, "A Single European Currency: Why the United Kingdom Must say 'No'?", 1996, The Bruges Group, <http://www.brugesgroup.com/mediacentre/index.live?article=113#single>,

²⁸⁸ Ibid.

²⁸⁹ Ingraham, 37.

²⁹⁰ Ray Barrel, "The UK and the EMU: Choosing the Regime", 2002, National Institute of Economic and Social Research, UK, accession number: 85884046.

²⁹¹ Alejandro Micco, Ernesto Stein and Guillermo Ordonez, "The EMU Effect on Trade: What's in it for the UK?", 2003, p 14-15.

²⁹² Currie, 06.

when she was forced out from the Mechanism; although, only few years before the crisis the EU witnessed relative currency stability and it sounded as though the system had become rather vigorous. Another disadvantage of the EMU is that the union enforces “burdensome taxes, especially on labour, inappropriate regulation of labour and product markets; and state subsidies that encourage inefficiencies”²⁹³; therefore, Eurosceptics fear that it would “move the EU further down the road to excessive harmonisation and regulation”²⁹⁴. Furthermore, there is a viable possibility that the ‘City’ would lose its robust competitive trading environment. Because of its “large pool of financial expertise, a wide range of ancillary support services, light regulation of security trading, a favourable tax regime for expatriates moving to London, language (attractive to Americans, Japanese and others) and a location in a major political and cultural centre”²⁹⁵, Paris and Frankfurt seem to be uncompetitive in comparison to the powerful City. However, when the UK is in the Monetary Union, such a prestige would be endangered. Hence, the aim of assessing the benefits and costs of both the Single Market and the EMU (the single currency) might go hand in hand to complete the Government’s economic tests, next to figuring out the extent to which the EU could further have impact on the UK on the economic field.

Despite the distinctiveness of the UK’s economy to that of the Europeans’, the former based on Anglo-Saxon capitalism and the latter on Rhineland capitalism, and yet the UK attempted to mingle in order to help make the idea of the European Union successful. The UK was willing to collaborate with the other member states as far as the economy was concerned because it viewed that her interests are best served among its peer members of the Union. Indeed, it hesitated in the beginning when it joined the EC, but as soon as the barriers to trade in the internal market were abolished with the introduction of the four economic freedoms of movement of capital, people, services and goods, the UK felt more at ease to trade with Europe. However, the only inconvenience appeared with the Delors Report which was aimed to give a further dimension to the European Market by establishing a social model through the Social

²⁹³Currie, 15.

²⁹⁴Idem.

²⁹⁵Currie, 17.

Chapter, which created a wider controversy among British politicians when John Major secured an opt out from it in the Maastricht Treaty so that few years later Mr Blair agreed to sign it²⁹⁶, the UK remained detached from many projects initiated by the EU as it doubted not only their intention but also their efficacy. As the snake failed, the UK judged that the EMS would face the same fate.

It, however, proved wrong because the EMS was indeed the forerunner of the EMU, and its ECU was an idea that developed to become the single currency of the whole Union. If the EU had an impact over the UK it would best be manifested on the dividing opinions of the usefulness of the EU to the UK- the extent of advantages and disadvantages that the UK would have if it will be a full member of the EMU. It is known that the UK had long suffered from being a net contributor to the EU budget till Mrs Thatcher had successfully negotiated the budget rebate in 1984 when she won 66% of “Britain’s money back”. The UK had also suffered from the CAP which was not only expensive but *wasteful* to it. Its main impact on the UK was clearly manifested on ordinary people who complained about the rise in food prices. This was contradictory on behalf of the CAP because one of its objectives was to keep food prices down! It was a contradiction that sharpened the British indifference towards the EU. Bringing into surface these facts among others might vindicate this indecision and scepticism that the UK carries with it every time it deals with an issue related to the EU, which made of it look more *awkward* and *semi-detached* more than any other member state. And this is witnessed not only among politicians but also the public opinion that seem to keep the view that the UK is indeed different from the mainland Europe.

²⁹⁶ This particular point is to be discussed thoroughly in the social chapter.

CHAPTER THREE

The Effects of the EU on the British Society

The impact of the Maastricht Social Chapter on the UK's social policy (ies) – measuring the extent to which has it been Europeanized

The UK ratified the European Social Charter²⁹⁷ in 1961 and has accepted 60 of the Charter's 72 paragraphs. It has neither signed nor ratified Additional Protocol to the European Social Charter or the Additional Protocol providing for a System of Collective Complaints²⁹⁸. So, the direct question that comes into one's mind is what possible effect(s) can the European Social Charter have on the UK social life? But, before tackling such a core question, it is, first, crucial to put a reminder as to what the Charter is all about?

The first foundations of a common social policy within the European Community were set down in the Treaty of Rome, first signed by the original member states of the Community in 1957 and afterwards by each new member state upon joining, with the UK signing in 1973. One of the most important social provisions of this treaty was freedom of labour movement between EC member states, seen as a precondition for an accurately functioning internal market, and seen by some as having led inescapably to pressures to standardise labour laws within the Community. These pressures boosted the Social Charter of 1989, the main aspects of which would have been enforced by the 'Social Chapter' of the 1992 Maastricht Treaty had John Major's Conservative Government not guaranteed the section's elimination; in the final draft of the treaty the chapter was superseded by a Protocol and Agreement with reference to social policy which effects only to the other eleven states of the Community²⁹⁹.

However, and during the 1980s, the Conservative Government's view of the appropriate social dimension was much different to that of the EU. The UK

²⁹⁷The Charter is set in a manner to provide [European Convention on Human Rights](#) that is in principle for [civil and political rights](#). And the Charter guarantees [positive rights](#) and freedoms which have to do with ²all persons in their daily existence. The primary rights set out in the Charter are as follows: [housing](#), [health](#), [education](#), [labour rights](#), [employment](#), [parental leave](#), [social and legal protection](#), from [poverty](#) and [social exclusion](#) [free movement](#) of persons and [non-discrimination](#), and also the rights of [migrant workers](#) and of the persons with [disabilities](#).

²⁹⁸Council of Europe, "The United Kingdom and the European Social Charter", (2012), Department of the European Social Charter and of the European Code of Social Security Directorate General Human Rights and Rule of Law, p01.

²⁹⁹The Social Chapter of the Maastricht Treaty: How Robust Is the UK Governments Stance, <http://essaymania.com/51720/the-social-chapter-of-the-maastricht-treaty-how-robust-is-the-uk-governments-stance->, accessed on: 25/03/2013.

Government believed that *"by following a policy of deregulation, devolution and decentralization, it had achieved a good record on job creation"*³⁰⁰. Added to that, it believed that *"the real social dimension was not about regulation, but about raising people's living standards and levels of prosperity throughout the Community"*³⁰¹. The UK Government rather thought that the EC social measures:

*[M]ight increase costs, create barriers to employment and prevent jobs from being created. The Government believed the EC Social Charter was unnecessary, and the Action Programme to implement it could imperil the success of the Single Market - the engine of job creation - with restrictive and unnecessary regulations... in nobody's interests, least of all the 14 million unemployed people in the Community.*³⁰²

It is worth mentioning that the major points of these policies are part of the ideology of Thatcherism³⁰³, which lived its peak of their success during the 1980s and 1990s in the UK.

In 1989, the European Social Charter was adopted by 11 of the 12 member states at a summit in Strasbourg. The only government not to sign was the British. The Social charter was built on two key objectives: firstly, the Charter aims *"to remove regional imbalances in social matters in order to ensure fair economic competition between enterprises in different member states"*³⁰⁴; and secondly, it targets to promote *"social consensus by ensuring that workers as well as corporations benefit from the creation of the 'single market' in 1992"*³⁰⁵. The main concern at the time was to raise

³⁰⁰UK Responses to the EC Social Agenda,
<http://www.psi.org.uk/publications/archivepdfs/Trade%20unions/TU2.pdf>, p05.

³⁰¹Idem.

³⁰²Idem.

³⁰³Thatcherism is a term named after the British Prime Minister Margaret Thatcher. It is often described as a libertarian ideology. When Mrs. Thatcher was in office, Thatcherism succeeded to create its own style of governance. When Mrs. Thatcher took office in the late 1970s, Britain was 'ungovernable'; therefore, Mrs. Thatcher tried to repair this by centralizing too much power to herself, being a Prime Minister. This peculiar approach also became identified with personal toughness at time such as the Falklands War, the IRA bomb at the Conservative Conference and the Miner's strike. Thatcher's style of governance was even associated with the Leninist one. This ideology claims to promote low inflation, the small state and free markets through tight control of the money supply, privatization and constraints on the labour movement. Nigel Lawson, Thatcher's Chancellor of the Exchequer, from 1983 to 1989, listed the Thatcherite ideals as: free markets, financial discipline, firm control over public expenditure, tax cuts, nationalism, 'Victorian values', privatization and a dash of populism.

³⁰⁴Keith Ewing, "The European Social Charter: And to Thatcherism?", (1991), an abbreviated version of a paper delivered to a seminar at the Faculty of Law, University of Alberta, p107.

³⁰⁵Idem.

the level of social security all over Europe. And in order to reach these intentions, the Charter reports a number of articles in a wide-ranging set of some 30 articles.

These deal with the freedom of movement of workers (articles 1-3); the right to a fair and equitable wage, defined to ensure that workers have a decent standard of living (article 5); the improvement of living and working conditions (with reference particularly to the needs of atypical workers who are often denied social protection) (article 7-9); the right to adequate social protection and an adequate level of social security benefits (article 10); the right to freedom of association and collective bargaining, including the right to strike (article 11); the right to equal treatment for men and women (article 16); and procedures for worker participation in decision-making, particularly in the cases of technological change and business restructuring (articles 17 and 18).³⁰⁶

When Mrs Thatcher came to power, the UK was in predominantly disappointing economic circumstances – high inflation was combined with deteriorating economy, growing unemployment and social discontent. The Thatcher government considered the document as a ‘European Socialist Charter’, which functions in opposition to the free market philosophy which had informed domestic labour law policy since 1979.

When John Major took office in 1992, he “*appeared from the beginning to take a less antagonistic approach towards the EU. Speaking in Bonn in March 1991 he let it be known that it was his wish that Britain be at ‘the heart of Europe’*”³⁰⁷. However, Major’s policy of having Britain ‘at the heart of Europe’, sounded quite contradictory with what he did in the intergovernmental conference in December 1991 “*having secured two opt-outs for Britain from the single currency and the Social Chapter and insisting on the removal from the treaty’s text of the Union’s federal intent*”³⁰⁸. By so doing, Major shadowed the track of his predecessor by contrasting any extension of Community social policy.

³⁰⁶Idem.

³⁰⁷N. J. Crowson, The Conservative Party and European Integration Since 1945: At the Heart of Europe,(2007), p55.

³⁰⁸Crowson, (2007), p56.

When the New Labour government came to power in 1997, it aimed to pursue a constructive European policy which departed from Major's departing Conservative Government. In its 1997 manifesto, New Labour stated that:

*An 'empty chair' at the negotiating table is disastrous for Britain. The Social Chapter is a framework under which legislative measures can be agreed. Only two measures have been agreed - consultation for employees of large Europe-wide companies and entitlement to unpaid parental leave. Successful companies already work closely with their workforces. The Social Chapter cannot be used to force the harmonisation of social security or tax legislation and it does not cost jobs. We will use our participation to promote employability and flexibility, not high social costs.*³⁰⁹

Blair's signing of the European Social Chapter was one of the very first acts of the Labour government after winning the 1997 General Election. By so doing, the New Labour believed that by supporting Social Europe campaigns, it would improve working conditions and increase the minimum levels of workplace rights. Blair signed the Social Chapter at the Treaty of Amsterdam³¹⁰ on 2 October 1997. It is worthy to

³⁰⁹New Labour Manifesto 1997, <http://www.labour-party.org.uk/manifestos/1997/1997-labour-manifesto.shtml>, accessed on: 30/03/2013.

³¹⁰The Treaty of Amsterdam was approved by the European Council held in Amsterdam on 16-17 June 1997 and signed on 2 October 1997 by the Foreign Ministers of the 15 EU Member States. On 1 May 1999, it came into force, having been ratified by all the Member States, following their own constitutional rules. The Treaty made important changes in the form of substantive amendments to particularly the Treaty of Maastricht. These had mainly to do with social security, employment and social policy. The main objectives of the draft Treaty agreed in Amsterdam in June were to:

- enhance the rights of European union citizens and place further emphasis on the basic principles of the Union in terms of democracy and individual rights
- establish an area of free movement, security and justice;
- strengthen EU policy-making in certain areas such as employment, social policy and the environment;
- introduce changes in institutional arrangements and decision-making procedures and simplify the way the EU works and help prepare it for enlargement; and
- strengthen the external policy activities of the Union.

The most symbolically important gesture of the Treaty of Amsterdam was the framework sketched out for the future accession of ten new member states. This projected an image of a Europe soon to be united across the old Iron Curtain. Yet it made many more immediate changes. It absorbed the Schengen Convention into EU law, creating open borders between twelve of the member states; expanded the role of the Common Foreign and Security Policy (CFSP) by creating a High Representative to take overall responsibility for EU foreign affairs, and extended the powers of Europol, the European police agency, on the understanding that both these powers were controlled intergovernmentally.

Most significantly, however, the Treaty changed the way that decisions were made in the EU by expanding the number of decisions covered by Qualified Majority Voting (QMV), including on some foreign policy issues. For the first time, it gave the Commission a say over the majority of Justice and Home Affairs, which had previously been in the hands of the European Council. It also created the idea of enhanced co-operation to allow some members to co-operate more closely on areas outside the remit of the EU treaties without unanimous agreement. At the same time, however, it recognised the idea of constructive abstention - whereby a member state could opt out of security or foreign affairs without preventing other countries from going ahead. The Social Chapter does

note, so far, the difference between the Social Chapter and the Social Charter. The latter is:

*...The popular name for the **Community Charter of the Fundamental Social Rights of Workers** signed by eleven of the twelve Heads of Government of the Member States in Strasbourg in December 1989. The one dissident was Mrs Thatcher. The Charter has no legal force and is declaratory in nature. It describes a series of social rights in rather general terms.*³¹¹

On the other hand, the Social Chapter was:

*...originally to be incorporated in the Maastricht Treaty as an expanded and communitised version of the broad social aspirations foreshadowed in the Treaty of Rome... the Social Chapter's main protagonist was Commission president Jacques Delors, that keen advocate of the 'European model of society' in which social objectives were held to be of equal importance with economic objectives in the framing of Community legislation.*³¹²

Mrs Thatcher believed that over-regulation engendered by the Social Chapter devastated jobs and that employment legislation was a substance for national governments, not the EU – “ironically, a stance that reflected the intent of the ‘Treaty of Rome’ more faithfully than Delors’ integrationist proposals.”³¹³

As the New Labour government opted in the Social Chapter, this had a particular effect on the British society. Britain, in this case, had to *download*³¹⁴ Directives from the Social Chapter as a consequence of adopting it as the New Labour Government thought that it would match with domestic policy preferences. Therefore, the EU would have a *top-down*³¹⁵ effect which *direct* and *voluntary*³¹⁶ as it was by no means forced on behalf of the EU. Moreover, starting from this angle of the Europeanization concept, it is worthy to note that the working time in

not, of itself, contain any legislation or impose any new laws on any of the signatories. What it does is to provide a new procedure for introducing social legislation which allows the EC to act in a wider range of "social" areas and to adopt more legislation by qualified majority voting. This makes it harder for any one Member State to veto proposals. It also involves the "social partners" - employers' and workers' representatives at European level - in drawing up proposals.

³¹¹ Julia Lourie, “The Social Chapter”, (1997), House of Commons Library, p10.

³¹² Euro know, <http://www.euro-know.org/europages/dictionary/s.html>, accessed on: 30/03/2013.

³¹³ Ibid.

³¹⁴ Bache, (2003), 05

³¹⁵ Bache and Jordan, (1994), p20.

³¹⁶ Bache, (2003), 06.

Britain has been fixed only for limited categories of employee (women and young workers) and in occupations with significant safety implications; whereas, in most West European countries, maximum working hours for all employees have been settled by law. EU regulation in this area has, therefore, been problematic, certainly more for Britain. The Working Time Directive (WTD) issued by the Social Charter, and originally published in September 1990,

*included a maximum working week of 48 hours including overtime; a maximum of 8 hours night work on average, a minimum daily rest period of 11 consecutive hours, a rest break where the working day is longer than 6 hours; a minimum rest period of 1 day per week; a minimum annual paid leave of 4 weeks.*³¹⁷

This Directive was accepted by the New Labour Government which “took full advantage of the derogations and exemptions in the WTD. In particular, the UK was the only member state to include a blanket provision for an individual opt-out. Its restrictive interpretation of the right to holiday entitlement was successfully challenged in the ECJ”³¹⁸. It has been judged that the effect of the Working Time Directive on Britain gives the impression of being of slight significance, and this is because:

*Official statistics show that in the first six years after the regulations took effect, the proportion of the workforce normally working over 45 hours a week did decline (from 37% in 1998 to 31% in 2004) but the figure has since stabilised. Whether this reduction was actually caused by the regulations is uncertain: a survey by the CIPD (2001) after the regulations had been in place for two years found that the majority of workers who had been working over 48 hours a week were still doing so, while only 2% were working reduced hours because of the directive. Analysing unpublished official data, the TUC (2008) reported that those recorded as working over 48 hours a week fell from 3.8 million in 1998 to 3.1 million in 2007, but rose again to 3.3 million in 2008.*³¹⁹

Further issues were even tackled by the Social Chapter such as establishing equality between women and men at work in respect of labour market chances and

³¹⁷ Richard Hyman, “Britain and the European Social Model: Capitalism Against Capitalism?”, (2008), London School of Economics: UK, <http://www.employment-studies.co.uk/pdflibrary/wp19.pdf>, accessed on 31/03/2013, p13.

³¹⁸ Ibid, (2008), p14.

³¹⁹ Hyman, (2008), p 14-15.

management at work. The Directive on the Protection at Work of Pregnant Women or Women who have recently given Birth was adopted by the Council of Ministers on October 1992. This Directive necessitated that:

- *All women, regardless of length of service or hours of work, should be entitled to 14 weeks' maternity leave. Two weeks of this leave must be compulsory*
- *women must be paid an "adequate allowance", equal at least to sick pay, during their maternity leave; but it is possible to restrict payment of the allowance to women with at least one year's service*
- *employers must make an assessment of the risks to health and safety of pregnant and breastfeeding women and take appropriate action to remove any risks identified*³²⁰

This Directive was implemented in the UK in 1994. And as a result to it,

*All women are now entitled to fourteen weeks **maternity leave**. In addition, women who have been continuously employed by their employer for at least two years are entitled to a period of **maternity absence** lasting from the end of their maternity leave till the end of the 28th week after the baby is born. Maternity leave cannot start earlier than the 11th week before the expected week of childbirth, so the maximum statutory leave period (i.e. "leave" plus "absence") is 40 weeks (11 weeks before, the week of childbirth and 28 weeks after). A woman who has worked for her employer for 26 weeks at the 15th week before the expected week of childbirth and who earns more than the lower earnings limit for national insurance contributions (currently £62 a week) would qualify for Statutory Maternity Pay of 90% of earnings for the first six weeks and a flat rate benefit (currently £55.70 a week) for the next 12 weeks' absence.*³²¹

Suggestions for a Directive with reference to the posting of workers in the background of the establishment of services were first published in 1991. The Conservative Government was in opposition to such Directive as it believed that it might be expensive for UK business and also “*anti-competitive and would impede the operation*

³²⁰Lourie, (1997), p27.

³²¹Lourie, (1997), p27.

of the Single Market”³²². Although the UK voted against the Directive on the posting of workers in the framework of the provision of services, and yet it was finally adopted at the Social Affairs Council on 24 September 1996; therefore, its veto to it did not work under the Qualified Majority Voting system. As a result, the UK had had to apply the Directive which was to be applied to three posting situations:

- *when an undertaking sends an employee from one of its establishments to another in a second member state;*
- *when one company subcontracts one of its employees to another undertaking in a second member state in order to carry out a contract for providing services;*
- *When a temporary employment or placement agency hires out a worker to a user undertaking established or operating in a second member state.*³²³

Taking into consideration all the changes that the Social Chapter has brought to the regulation of employment relations and the labour market in the UK might indicate the growing Europeanization of UK social policy³²⁴. It has been strongly suggested that *“despite the numerous limitations experienced in the integration process, where the EU has established a body of European labour law, its impact on UK labour market policy has often been significant. In adapting to the requirements of the EU labour market Directives, the law has extended ever further into Britain’s ‘voluntarist’ system of industrial relations”*³²⁵. As a result and *“despite attempts by the Conservative Government to limit the degree of domestic policy change imposed by the ‘first wave’ Directives, the rulings of the European Court have served as a powerful force of vertical Europeanization.”*³²⁶ Besides, by implementing the Working Time Directive and the European Works Council directive gave more space to the EU to have ‘top-down’ effect on the British social policy. And by so doing, the New Labour Government proved to be more flexible towards European legislation of the Social Chapter and its carrying out to the national level.

³²²Ibid, p38.

³²³Ibid, p39.

³²⁴Hyman, (2008), p24.

³²⁵Andrew Mackintosh, Kai Lehmann and Robert Geyer, Integrating UK and European Social Policy: The Complexity of Europeanization, (2005), p136.

³²⁶Mackintosh et al, (2005), p136.

The impact of the EU immigration policies on the national level

As most of the European countries in the post-war era were massively affected by the war, Europe needed immigrants in order to help rebuilt their nations. These were seen as ethnic minorities who were either from ex-members of the colonies or contractual guest workers; they were dealt with as the special duty of their receiving countries. During the 1950s, 60s, and 70s, *“European governments, meanwhile, were very careful about asserting control over the policing of borders, and the power to decide who is a member of the country and who is not (in citizenship and nationality laws)”*³²⁷. However, as Europe was becoming more centralised in Brussels where decisions were made by ‘undemocratic’ institutions and an appointed bureaucracy, EU member states started to lose power over their borders following the project of the European integration which was the result of member states’ *“economic interdependence and the prospect of monetary union [which] have rendered many government powers obsolete”*³²⁸. In order to have an integrated Europe in all aspects, politically, economically and socially, member states have had to comply with directives coming from Brussels, and in this case they had to open their borders to establish a much easier free movement and labour mobility. Consequently, they are no longer the masters of their borders since they have submitted it to a ‘foreign’ ‘unknown’ power controlling from somewhere from the mainland. This was by no means what Mrs Thatcher agreed to or favoured. In her infamous Bruges speech 1988, she made clear her resentment of having a centralised power through which member states have to comply with what they are dictated to do or what not to do. Besides, Mrs Thatcher made it clear that:

*It is ironic that just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, there are some in the Community who seem to want to move in the opposite direction.*³²⁹

³²⁷ Adrian Favell, “The Europeanization of Immigration Politics”, (1998), European Integration Online Papers (EIoP) Vol. 2 N° 10, <http://eiop.or.at/eiop/texte/1998-010a.htm>, p02.

³²⁸ Idem.

³²⁹ Bruges Revisited, <http://www.youtube.com/watch?v=wkRwMFy0CVM>, accessed on: 26/02/2013.

Of course she was against opening UK's borders, asserting that "*We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level with a European super-state exercising a new dominance from Brussels.*"³³⁰ Despite Thatcher's fight against having Europe as superstate, yet the UK was, although mysteriously, ceding away control over its borders, just like other member states so that "*culturally, Europe as a whole appears to be fragmenting into a collection of smaller regional units and transnational cultural ties, as well as moving towards a more Europeanized common culture, founded (potentially at least) on a political unity of multinational and multicultural citizenship rights*"³³¹. The following parts will examine the impact of the EU on the policies of immigration control in the UK. This impact would be measured in terms of the extent of Europeanization of the UK's domestic immigration policies.

The fact that Europeanization studies need more comprehensive and accurate data in different aspects of the EU research discussions does not raise many eyebrows, let alone data on the Europeanization of immigration policies. In order to approach Europeanization Claudio Radaelli, Professor of political science at the University of Florence, believes that:

*Europeanization should be seen as a problem, not a solution. It is neither a new theory, nor an ad-hoc approach. Rather, it is a way of orchestrating existing concepts and to contribute to cumulative research in political science. Europeanization does not provide any simple fix to theoretical or empirical problems. Quite the opposite, it can deliver if approached as a set of puzzles, a problem in search of explanation- not the explanation itself.*³³²

When taking into consideration Radaelli's viewpoint as a background to developing social concerns, there would be little doubt that immigration has become one of the most pressing subjects in Europe today.

³³⁰Idem.

³³¹Favell, p 02.

³³²Claudio M. Radaelli, "Europeanization: Solution or Problem?", (2004), European Integration Online Papers (EIoP) Vol. 8 N°16, <http://eiop.or.at/eiop/texte/2004-016a.htm>, cited from the abstract, from Gualini.E, Multi-level Governance and Institutional Change. The Europeanization of Regional Policy in Italy, (2003),

Just as many other institutions or symbols represent Britain's national sovereignty, so does migration policy. Indeed, Britain has always been a nation of immigrants, however, after the Second World War Britain started witnessing unprecedented amounts of people coming in huge numbers- although progressively since then. It is worth noting that the UK was no exception in comparison to other member states of the EU. As European integration project was still in embryo when neither the Single Market nor the single currency was achieved, demolishing border controls between the EU countries was already envisioned as an essential part of the European project³³³. Eliminating border controls between member states was set up gradually until the 1980s when the four freedoms on the internal market were introduced that member states officially opened their borders to facilitate trade. This was nonetheless for economic reasons but also symbolic in its nature if it stands for “*a common starting point of narratives on European unification*”³³⁴.

Therefore, in order to have unified and harmonized migration policies, the Schengen Agreement was set up in 1985- although at this point it was more a project to be achieved. And in order to realize it the Schengen Convention of Implementation was issued in 1990 which required:

*(a) Intensified controls of the external borders, in accordance with uniform standards (Art. 3-8); (b) a harmonization of visas and entry regulations (Art. 9-27); (c) the creation of a “Schengen Information System”, containing data on persons; and (d) a co-ordination of asylum policies by laying down rules for the responsibility for asylum claims (Art. 28-38)*³³⁵.

The UK was not very much in favour of complete supranationalization of immigration policies, but it “*strongly insisted on migration remaining an intergovernmental matter*”³³⁶. This was the case, when the Maastricht Treaty was ratified (1991)

³³³Dietmar Hertz, “European Immigration and Asylum Policy: Scope and Limits of Intergovernmental Europeanization”, (2003), Paper presented at the 8th EUSA Conference, Tokyo University: Japan, p03.

³³⁴Idem.

³³⁵Hertz, (2003), p04.

³³⁶Ibid, 05.

European migration concerns were still intergovernmental including policy regarding third-country nationals, asylum policy and the control of external borders³³⁷.

Although pro-European member states were excited about having a *communitarized* and to completely raise above intergovernmentalism so that to “*fully integrate asylum and immigration into the supranational first pillar of the European Union*”³³⁸, the UK along with some other member states preserved sovereign control over their borders. As a result, the Schengen acquits³³⁹ was included into EU law in order to have more flexibility. This reflects the fact that the Europeanization of migration policy was more voluntary-direct, that is, it was intended but not enforced by an EU initiative³⁴⁰. It was rather willingly accepted by member states. Europeanization in this case was *softer* and more *informal*.

Although the UK became committed to the European project when it joined the then EEC in 1973, yet it did not accept opening its border controls. It is known that the internal market project of the 1980s necessitated the abolition of border controls within the EU member states, and yet the UK’s position was quite conservative about having free and open border controls. Why did the UK not want to enter the Schengen area? The prominent motive for the UK case is much of the political value to preserving border controls which is bestowed in the UK more than any other EU member. Hence, for the British case, it is “*the symbolism of keeping border controls [which] is considered simply too politically contentious.*”³⁴¹ In fact the Schengen Agreement in itself is part of the European integrationist project. Franco Frattini, EU Justice, Freedom and Security Commissioner sustained the view that “*Schengen is at heart one of the most tangible agreements of European integration.*”³⁴² As a result, “*in part due to UK’s resistance, other member states set up the Schengen system (the*

³³⁷Ibid, 06.

³³⁸Hertz, (2003), p06.

³³⁹The origins of the Schengen free travel zone date back to 1985, when France, Germany, Belgium, Luxembourg and the Netherlands signed an agreement to abolish controls at their common frontiers and create a shared external perimeter. The set of rules transcribing Schengen protocol is called the ‘Schengen Acquis’.

³⁴⁰Ian Bache, “Europeanization: A Governance Approach”, (2003), Queen’s Papers on Europeanization No 5/2004, Sheffield: UK.

³⁴¹Thomas Thomas Clément Nicolas, “Schengen: Why of Why Not?”, (2012),

<http://whyeuropewhynot.wordpress.com/2012/03/11/schengen-why-or-why-not/>, accessed on: 06/03/2013.

³⁴²Schengen Convention, CIVITAS EU Facts, <http://www.civitas.org.uk/eufacts/FSEX/EX2.htm>, last updated in: 08/02/2013, accessed on: 06/03/2013.

*Schengen Agreement*³⁴³ [1985] and its implementing convention [1990] in order to facilitate internal free movement and establish several ‘flanking policies’ on immigration, asylum and visas.”³⁴⁴ The UK was never a full member of the Schengen area³⁴⁵. It only takes part in the criminal law and policing aspects, but not those concerned with border controls. Therefore, one might wonder about the nature of the relationship between the UK and the EU’s Agreement? If the UK is not part of the Schengen Agreement and does not keep its borders open, then, what links the UK with the EU in terms of immigration policies? How does the UK react and takes part in the EU immigration laws?

As the EU adopted an area in which it applies common directives concerning immigration, the UK has opted out in most of them. However, it does co-operate with the Convention’s policing policies and mutual recognition of legal decisions. The EU set up the Schengen Information System (SIS) customs, police and justice authorities and the member states share information about suspected criminals attempting to get access to the EU. As one senior police officer at the London metropolitan police said that: *“Our security starts not just at our own borders, but at the Greek islands or the Finnish frontier.”*³⁴⁶ In effect, concerning matters of crime and illegal immigrants across the EU countries, the UK had a greater impact on the EU’s policies. Indeed, *“it was Britain which originally introduced the idea that the EU needed to work more with migrants’ home countries, international organisations and NGOs to tackle the root causes of illegal immigration more holistically.”*³⁴⁷ Despite the fact that the UK is allowed to have its police officers to go after criminal suspects into the Schengen area when they are on an inspection operation, and also to enable its police computer

³⁴³Members of the Schengen area can gain membership if they meet stringent regulations regarding air borders, visas, police cooperation and personal data protection.

³⁴⁴Catherine Costello, “UK Migration Policy and EU Law”, (2011), The Migration Observatory, p04.

³⁴⁵ It comprises 25 countries (22 EU member states: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden; and also the three associated countries: Norway, Iceland and Switzerland. As a result, the Schengen Convention allows the free movement of citizens across the national borders of these countries without the need for visas or passport checks, although member countries may re-impose border controls for short periods in the interests of national security.

³⁴⁶Hugo Brady, “Britain’s Schengen Dilemma”, (2009), Centre for European Reform, <http://centreforeuropeanreform.blogspot.com/2009/02/britains-schengen-dilemma.html>, accessed on: 06/03/2013.

³⁴⁷Idem.

connect to the Schengen-area police database, and yet the UK cannot enter to valuable information on who is repudiated admission to countries of the Schengen area, or to “having a vote on the board of the EU’s border agency since they do not share the pain of maintaining a common EU border.”³⁴⁸ Although the UK is not part of the Schengen area and yet it fought to win its case to the European Court of Justice (ECJ) in order to gain more rights regarding policing policies, it, however, could not win over the other members of the Schengen area as the ECJ voted in favour of the later.³⁴⁹

As the UK’s participation in the Schengen zone is conditional, then, what could the impact of this isolation from the mainland be on the UK? According to David Cameron, a British politician, the main impact is manifested on the British tourism sector. He admitted that

Huge opportunities are being missed. The UK has fallen from sixth to eleventh place in the World Economic Forum’s Travel and Tourism Competitiveness Ratings between 2008 and 2009...

We’re their [Chinese tourists] 22nd most popular destination. But Germany is forecast to break into their top ten. Why can’t we?

*Currently we only have 0.5 per cent of the market share of Chinese tourists. If we could increase that to just 2.5 per cent this could add over half a billion pounds of spending to our economy and some sources suggest this could mean as many as 10,000 new jobs.*³⁵⁰

The biggest impact is that although being a tourist from a member of the Schengen area, and yet they need to go through passport control when travelling between the UK and the other members of the Schengen zone. This juxtaposes with the fact that EU citizens can show their ID cards instead of passports (although the UK does not use ID cards). This causes greater inconvenience when tourists are being checked at every Eurostar station which complicates pauses of holidays of tourists from not only the UK but also to the UK. A prominent example is that of China’s new middle classes who need not apply for different visas when making a tour to Europe, a single

³⁴⁸Idem.

³⁴⁹Idem.

³⁵⁰Bagehot, “Britain and the EU: There Are Costs to Glorious Isolation”, (2010), http://www.economist.com/blogs/bagehot/2010/08/britain_and_eu, accessed on: 06/03/2013.

Schengen visa is enough to travel without restraint within 25 European countries of the Schengen area. Whereas, if they want to visit the UK they need to apply for a separate visa which takes more time and is more expensive, and this is a much more inconvenience.

EU's laws and treaties are by nature flexible; some directives can appear and disappear through time. As part of the impact of the UK's non-participation in the Schengen area, the UK does not take advantage of all the directives issued by the EU concerning immigration. By remaining out, the UK is missing several opportunities which might benefit society as a whole. For instance, the EU adopted a set of measures on immigration in which the first, among many, is called Blue Card Directive which backed up EU-wide work permit (Council Directive 2009/50/EC) permitting high-skilled non-EU citizens to work and live in any given country within the EU. However, the UK does not benefit from this useful Directive. Besides, the Directive on Family Reunification aimed at enabling family members of third-country nationals living legitimately in the area of the EU to adhere them in the member state in which they are residing. The other Directive is that of Long-term Residents which grants European resident status to non-EU nationals who have officially and constantly resided for a period of five years within the land of an EU member state.³⁵¹

Since 1986, the UK agreed to the four freedoms of the EU's internal market³⁵² ratified in the Single European Act (SEA), and one of these four freedoms is the right to the free movement of people. The latter was issued in the Directive 2004/38/EC "*on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States*"³⁵³. The Directive has been transposed to the UK into Immigration (European Economic area) Regulations 2006³⁵⁴, although the UK requires the EEA Family Permit³⁵⁵ which was not mentioned

³⁵¹Costello, (2012), p07.

³⁵²The single market guaranteed the free movement of goods, capital, services and people within the EU's member states.

³⁵³*Official Journal of the European Union*, "Directive 2004/38/EC of the European Parliament and of the Council", L 158, 30.4.2004, p §77.

³⁵⁴"Statutory Instrument 2006 No. 1003-The Immigration (European Economic Area) Regulations 2006", 2006-04-30.

in the previous Directive. Since the issuing of these two laws, not only the UK but also Europe witnessed “*the largest and most intensive migration flows in contemporary European history*”³⁵⁶, as a result, this engendered remarkable changes in the fabric of the British society in general. These changes were becoming more remarkable especially with the 2004 EU enlargement³⁵⁷, when the UK, being a member of the EU, had to accept a huge number of immigrants coming in. All of the EU immigrants have different languages, traditions, beliefs and therefore different cultures. This factor has contributed even further to making of the UK a multicultural society- although it started well before 2004 with coloured immigrants’ children and grandchildren, a fact which the government has to deal with carefully as it regards the issue of immigration a sensible one due to the increasing impact it produces on the framework of the British society.

Using analytical approach along with statistical evidences, this paper deals with the effects of new EU Member States, mainly after the 2004 enlargement (known as A8s) and 2007 enlargement (known as A2s), had on the UK labour market. In this analysis, a multiplicity of questions are to be raised in which the main enquiry centres on how has the latest migration waves (from both A8 and A2 countries) affected the British local communities and workers?

After the 2004 EU enlargement “*around 560,000 accession migrants joined the UK labour market between May 2004 and May 2006, according to the Working Registration Scheme (WRS). This migration inflow is roughly equivalent to 2% of total employment*”³⁵⁸. Once the A8 countries were admitted to join the EU, the Working Registration Scheme was established in the UK as a transitory measure to control arriving workers from the A8 countries. The Scheme was meant to help the UK

³⁵⁵ Non-EEA family members need an entrance authorization to get access to the UK even if they hold a 5-year residence card of another EEA member state.

³⁵⁶Paulina Trevena, “ ‘New’ Polish Migration to the UK: A Synthesis of Existing Evidence”, 2009, Centre for Population Change Working Paper, ISSN2042-4116, p 01.

³⁵⁷ This enlargement of 01 May 2004 was the largest one in the EU history, in relation to number of countries, population and even territory. The enlargement included mainly central and eastern European countries: Cyprus, Czech Republic, Estonia, Lithuania, Latvia, Hungary, Malta, Poland, Slovakia, Slovenia. These are often known as Accession Eight countries, A8 or sometimes known as EUA8. Another enlargement which took place in 2007 included Bulgaria and Romania known as A2.

³⁵⁸ Jonathan Portes and Sara Lemos, “New Labour ?The Impact of Migration from Central and Eastern European Countries on the UK Labour Market”, 2008, IZA DP No. 3756, Institute for the Study of Labour, p02.

government so as to find out about the ways that the UK labour market was affected by the new Eastern European workers. About the purpose of the Working Registration Scheme Phil Woolas, the UK immigration minister declared that:

*migration only works if it benefits the British people, and we are determined to make sure that is what happens... that is why I [Woolas] am delighted to announce that we are keeping in place restrictions which mean we can continue to count how many people are coming here, and which limit eastern Europeans' access to benefits*³⁵⁹.

When A8 migrants arrive at the UK with the intention of living and working, they have to register to the Workers Registration Scheme immediately after they find a job. This policy would be viable until they reach their twelfth month of work³⁶⁰. However, as to the A2 new workers, the UK government decided to grant fewer benefits than any other EU worker. *“Instead, it stipulated that A2 workers would be able to apply for a very small number of temporary jobs (3 500 £ per year) in food manufacturing under the Sector Based Scheme, or in the agricultural sector (21 500) under the Seasonal Agricultural Workers Scheme”*³⁶¹.

The new EU migration waves to the UK are not only special in terms of scale and speed but they also display distinctive characteristics³⁶². The UK new immigrants are younger than other UK migrants as well as UK native population. This might be beneficial as the average of their age is between 18 and 35. However, due to the fact that most are recent graduates, this implies that they have much less labour market experience³⁶³. Besides, the new migrant workers occupy less skilled jobs, with 69% cleaners, 69% catering staff, 56% care assistance³⁶⁴, than the other immigrants or natives. In consequence, they receive lower wages in which

³⁵⁹East Europe Worker ‘curbs’ Kept, BBC News, published in: 08 April 2009, http://news.bbc.co.uk/2/hi/uk_news/politics/7990607.stm, accessed on: 07/02/2013.

³⁶⁰ Jane Hardy, Nick Clark, “Free Movement in the EU: The Case of Great Britain”, 2011, Friedrich Ebert Stiftung, p 03.

³⁶¹Idem.

³⁶² Madeleine Sumption, and Will Somerville, “The UK’s New Europeans: Progress and Challenges Five Years after Accession”, (2009a), Equality and Human Rights Commission: Policy Report, Migration Policy Institute, p 16.

³⁶³Sumption and Somerville, (2009a), p 16.

³⁶⁴Migrants for London, <http://www.youtube.com/watch?v=MdDrUDCfoCY>, accessed on: 07/02/2013.

eighty-nine per cent of A8 and A2 workers earned less than £400 per week in 2007, compared to 57 per cent of UK born workers³⁶⁵... While the average non-A8 or A2 immigrant worker earns more than the UK-born, eastern European migrants over the first years since accession earned an average of 12.5 per cent less³⁶⁶.

Moreover, the new EU immigrants receive lower wages despite the fact that they have moderately higher levels of education than the British natives³⁶⁷. What happens is that immigrants work in jobs which have nothing to do with their level of qualifications and competences³⁶⁸.

Consequently, given all this necessary data about the composition of the new immigrants, it is now crucial to tackle the impact of immigration on the UK labour market, and particularly on wages. Because the latter are important to workers' standard of living, therefore, and despite the lack of data statistics, it is necessary to assess the impact on wages from A10 immigrants. Many British sustain the view that the newly arrived immigrants take the natives' jobs and reduce their wages. How true is this?

While public opinion has negative impression on the immigrants' impact on their average wages. As a result, there arose a stereotype of the *Polish plumber* which symbolises cheap labour. 'The Times' Newspaper, in an article published in February 16, 2008 captured the mood of the general public of the time:

Since 2004 an estimated one million Poles have settled in Britain, taking advantage of the higher wages British employers were prepared to pay. They became so much a part of the country's life that Tesco, Asda and Sainsbury's—as well as innumerable small local shops—started stocking Polish food and drink, and libraries began to stock books and newspapers in Polish. ...

³⁶⁵Sumption and Somerville,(2009a), p16. Taken from: Pollard. N, Latorre. M, and Sriskandarajah. D, Floodgates or Turnstiles? Post EU-Enlargement Migration Flaws to (and from) the UK, 2008

³⁶⁶Sumptionand Somerville,(2009a), p16.Taken from: Blanchflower.D and Lawton.H, "The Impact of the Recent Expansion of the EU on the UK Labour Market", 2008, IZA discussion paper 3695.

³⁶⁷ See table 03, from "Immigration and the UK Labour Market: The Latest Evidence from Economic Research", Centre for Economic Performance, London School of Economics and Political Science, p03.

³⁶⁸Sumption and Somerville, (2009a), p16.

*...Polish builders, with a reputation for working long hours at a fraction of the price local workers charge, have spent four years forcing their British rivals to raise their game.*³⁶⁹

However, it is strongly suggested that the effects of immigrants on wages are by no means clear-cut because immigration to the UK has become one of the heated political debates in Britain, more than even unemployment or the public services quality like the National Health Service (NHS) or the welfare state. Some analysts, on the one hand, maintain the argument that migrants “were relatively low paid, with 72% earning between £4.50 and £6 per hour, and a further 21% earning between £6 and £8, compared to median hourly earnings of £10.22”³⁷⁰. Although the impact might go unnoticed and yet it exists when “real hourly wages increased every year by 4.25 per cent or 80 pence. Immigration held back this growth by 0.7 pence”³⁷¹.

Besides, it can be said that:

*[I]n most industries the group with the highest percentage of individuals below the 10th percentile is that of recent immigrants. The sector with the largest difference in the share of low paid individuals between recent immigrants and the rest of immigrants and natives is that of work in private households: almost 88% of recent immigrants working in private households receive a wage below the 10th percentile, while this is the case for 37% of resident immigrants and 21.5% of natives.*³⁷²

This slight negative impact on wages³⁷³ is due to the fact that the new A10 migrants work in occupations which generally natives do not want. It is not a proper choice for those migrants because there are many hindrances that stand between them, despite their being young, healthy, single and educated, they pay taxes and do not receive total

³⁶⁹JumanaSaleheen and Stephen Nickell, “The Impact of Immigration on Occupational Wages: Evidence from Britain”, 2008, Working Paper, Federal Reserve Bank of Boston, p02.

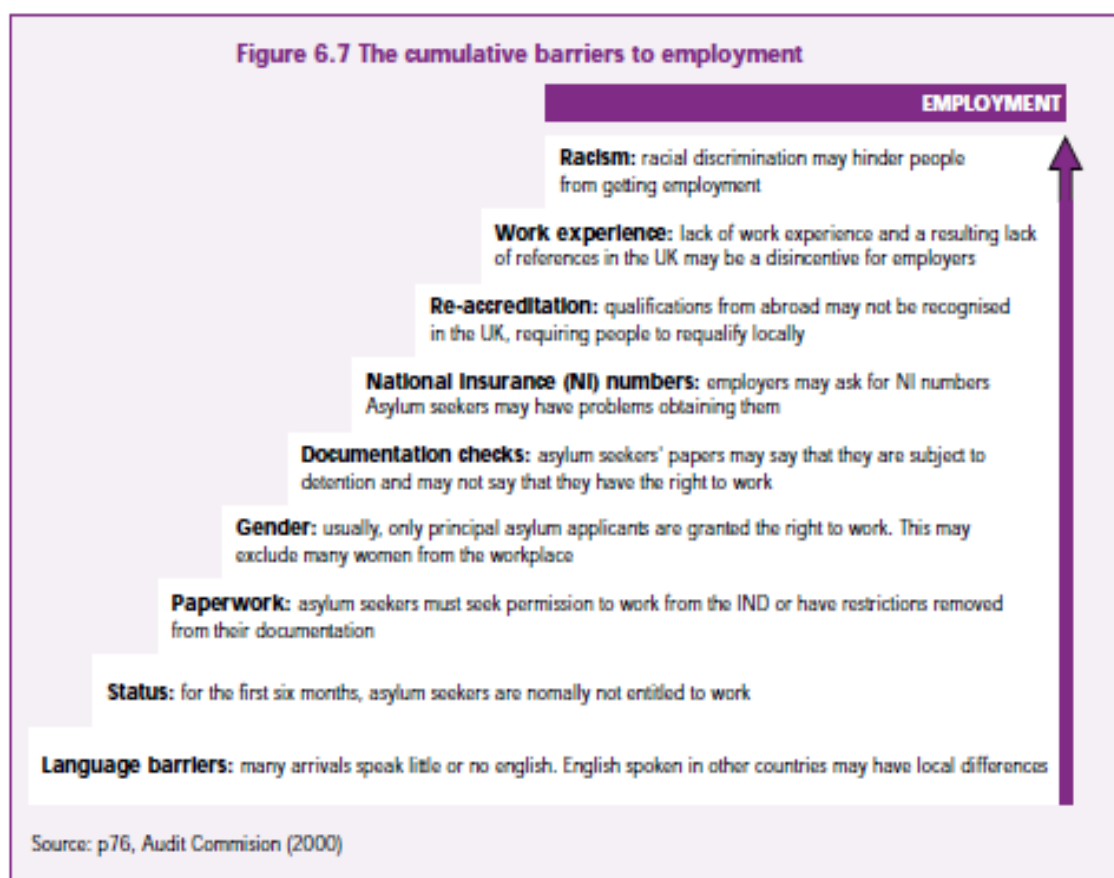
³⁷⁰ Jonathan Portes and Sara Lemos, “The Impact of Migration from the New European Union Member States on Native Workers”, 2008, University of Leicester: England, p12.

³⁷¹ Hardy and Clark, p12, taken from Dustmann, C./Frattini, T. and Preston, I. (2007), “A study of migrant workers and the national minimum wage and enforcement issues that arise (report commissioned by the Low Pay Commission”.

³⁷²Christian Dustmann, TommasoFrattini, Ian Preston, “Immigration and Wages: New Evidence for Britain”, Department of Economics and Centre for Research and Analysis of Migration (CReAM), p13.

³⁷³See figure 02, from Loizillon et al, (2001), p33.

social benefits, and the job that, let say, they really deserve. Many factors, or one should say difficulties, affect the migrant's type of work. The first and foremost barrier is that of language which most of new migrant arrivals have almost no mastery of English; or even those coming from other English speaking communities their spoken English "*may have local differences*"³⁷⁴. Another difficulty is that of gender where "*usually, only principle asylum applicants are granted the right to work. This may exclude many women from the workplace*"³⁷⁵. Moreover, racial discrimination may stand, but to a lesser degree, as another hindrance that might make it more complicated for A10 migrants to obtain a job³⁷⁶.



³⁷⁴AnaisLoizillon, Carole Willis, CeriGott, Jonathan Portes, Richard Price, Sarah Spencer, Stephen Glover, VasanthiSrinivasan, "Migration: An Economic and Social Analysis", (2001), RDS Occasional Paper No 67, Home Office, Communications and Development Unit, Research, Development and Statistics Directorate, p36.

³⁷⁵Idem.

³⁷⁶Idem.

The above figure³⁷⁷ demonstrates the difficulties that most immigrants may face along their journey of looking for a suitable job. As it is perceived in here, language is regarded as the very first handicap for workers to achieve their objective and racism is the very last one, which might reflect the image of the British society of being open-minded and tolerant.

Hence, since language is a decisive factor which might determine the kind of job immigrants can do, therefore, new migrants are doomed into an unsatisfactory substitution as the only alternative remaining is to contest with low-skilled natives in the labour market³⁷⁸. Immigrants, in this case, will have to do jobs that natives do not want to, and these usually have to do with jobs which require almost only manual skills such as washing dishes in a restaurant, cleaning or filling jobs in the agricultural sector³⁷⁹. A new Polish immigrant worker coming to the UK, Peterborough, found no difficulty in finding a job; of course one with no language skills and, that was on a field of butt and squash. In his first day at work, the first impression he caught was that *“there are no English people in this field, if they wanted to come and work here; they’d be here, wouldn’t they?”*³⁸⁰ Owners of the farm do on purpose recruit foreign labour, east Europeans, because they believe that *“without the immigrants, farm in here just wouldn’t be able to meet the demands of the supermarket”*³⁸¹. Andrew Large, Chief Executive- Cleaning and Support Services Association, backed up the view that *“frankly, if it wasn’t for workers coming from outside the United Kingdom, cleaning wouldn’t get done”*³⁸². However, this contradicts the anecdote that the British cheap foreign labour is taking the natives’ jobs. For, obviously British youth are not interested in doing jobs with either poor conditions such as working in a farm which equals hard work or jobs which are out of favour. And this evidently goes in favour for working immigrants in the political and economic debates over immigration because if

³⁷⁷AnaisLoizillon et al, “Migration: An Economic and Social Analysis”, (2001), London, p36.

³⁷⁸Madeleine Sumption and Will Somerville, “Immigration and the Labour Market: Theory, Evidence and Policy”, (2009b) Migration Policy Institute, p22.

³⁷⁹ Ibid, 22-23.

³⁸⁰Polish People in the UK 5/7, <http://www.youtube.com/watch?v=wmJix9OijYI>, accessed on: 10/02/2013.

³⁸¹Idem.

³⁸² Migrants for London, <http://www.youtube.com/watch?v=MdDrUDCfoCY>, accessed on: 10/02/2013.

natives refuse to do jobs which immigrants accept, the economy without immigrants “*could be different*”³⁸³.

A further argument discredits the fallacy that migrants are taking the natives’ jobs, as many British think, and brings forth the fact that the economy of a country is by no means fixed; it is rather flexible in which “*unemployment is primarily a structural phenomenon*”³⁸⁴. That said, the economy is flexible in the way that it has appropriate capacity to conform to enlarged migration by changing output mix, and by so doing, the effects are to be expected progressively in the long run. Speaking about the employment sector and the possible effects that immigration, more particularly those from A10 new member states, might have on unemployment rates in the UK is not far different from that of the impact on natives’ wages. As unemployment is one of the crucial and sensitive political, economic and social Government policy debate, it is, therefore, inescapable to tackle such an issue. Generally, most people think that as migration levels go up, so does the number of people looking for jobs, i.e. unemployment rates go up. Therefore, the primary interest of this paper is to examine the relationship between Eastern European immigration and unemployment in the UK.

Many studies have been carried to discuss the impact of A10 migrants on unemployment in the UK. Thus, according to their findings they divide into those claiming the case for, and those arguing the case against. A research carried out by Locchino, Rosazza-Bondibene and Portes (2012) using National Insurance Number (NINo) registrations data “*to construct a measure of new migrant inflow rates across the 378 Local Authorities in England, Scotland and Wales using annual data from financial year 2002/03 to 2010/11*”³⁸⁵. The study uses two variables in order to approach its question research; the first way is to “*control for population changes and flows in the model specification directly*, [and the second one is to] *estimate* [the

³⁸³Sumption and Somerville (2009b), p23.

³⁸⁴Loizillon et al, p37.

³⁸⁵Chiara Rosazza-Bondibene and Jonathan Portes, “Examining the Relationship between Immigration and Unemployment using National Insurance Number Registration Data”, (2012), NIESR Discussion Paper No. 386, National Institute for Economic and Social Research: London, p05.

researchers'] *model at increasing levels of geographical aggregation (Local Authority/district, Local Authority/county and Government Office Regions)*³⁸⁶.

Another research using Labour force Survey (LFS) and Working Registration Scheme (WRS) data is more specified to A8 migrants rather than to all UK migrants. In this study, there is a slight and yet crucial difference between the ways of LFS and WRS data sources to analyse migration because the latter measures gross inflows of A8 migrants while the former measures stocks³⁸⁷. Their data demonstrated that

*[b]etween May 2004 and September 2005 there have been almost 300,000 registrations on the WRS-the majority of whom arrived in the UK-post accession. Over roughly the same period (spring 2004-summer2005), the LFS shows an increase in the stock of A8 migrants aged 16 and over of around 120,000.*³⁸⁸

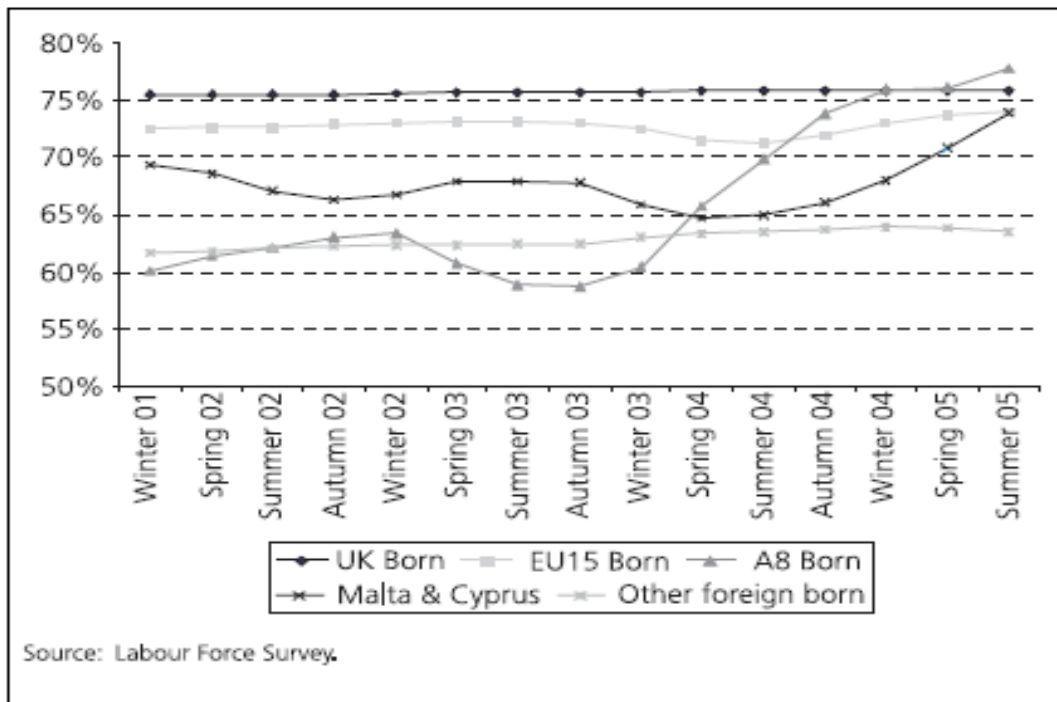
Therefore, the figure below³⁸⁹ demonstrates clearly that despite the growing number of migrants from A8 member states and therefore increased number in people looking for jobs, and yet this had no direct impact on the UK-born employment rates³⁹⁰.

³⁸⁶ Ibid, 06,07.

³⁸⁷ Chris Bullen, Jonathan Portes, Matthew Henty, Sara Lemos and Nicola Gilpin, "The Impact of Free Movement of Workers from Central and Eastern Europe on the UK Labour Market", (2006), Department for Work and Pensions: Leeds, Working Paper No 29, p11.

³⁸⁸ Idem.

³⁸⁹ Chris Bullen et al, "Impact of Free Movement of Workers from Central and Eastern, Europe on the UK Labour Market" p24.



Migration and UK born employment rates (four quarter rolling averages).

On the other hand, as for the case against, a research study completed by the Migration Advisory Committee (MAC) investigated the relationship between migrants and UK-born people using data from Labour Force Survey (LFS). The results of the Migration Advisory Committee demonstrate that “*there is little or no impact on UK-born employment*”³⁹¹ when estimating the impact 10,000 additional migrants on UK employment. Therefore the MAC research goes in accordance with the previous reports as far as the A10 migrants are concerned. However, the MAC research went further and tackled the global immigrants where the real impact lies. The MAC report suggested that “*100 additional non-EU migrants may cautiously be estimated to be associated with a reduction in employment of 23 native workers. But those migrants who have been in the UK for over five years are not associated with displacement of UK born workers*”³⁹².

As the UK experienced a large growth in its immigration flows, the new coming cohort not only add to the diversity of the British society but they also seem to

³⁹¹“Analysis of the Impact of Migration”, (2012), Migration Advisory Committee: London, p66.

³⁹²Ibid, p65

be decisive about being an integrated body matching most of the UK's social aspects. Therefore, one of the features that determine how successful were those immigrants in surviving in the host country, the UK, is by giving a look at their welfare participation and the extent to which they rival, if they ever do, with the natives in terms of the social welfare claims. The coming analysis provides a comparison between the immigrants and the natives' participation within the British welfare system. Hence, the main question is centred on whether the immigrants are more or less likely to receive welfare benefits?

As part of welfare benefits, this analysis deals mainly with Social Assistance benefits (SA). As mentioned previously, since the UK witnessed a huge inflow of migrants right after the accession of the Eastern European countries in 2004, there were public fears that with the coming of big numbers of migrants to live in the UK *“more or less without restriction then there would be large numbers moving to claim welfare benefits rather than to work”*³⁹³. However, this was not the case as the UK government was prepared to such an enlargement and its aftermath consequences. So, *“(through the Home Office, and more recently the UK Border Agency) also began publishing an Accession Monitoring Report in 2004 to track employment statistics, benefit applications and characteristics of EEA nationals entering the UK”*³⁹⁴. Therefore, the major policy of control enforced by the UK government on A8 migrants was that *“they had to be resident for a year prior to claiming benefits”*³⁹⁵. A8 migrants should also register with the Working Registration Scheme (WRS) for workers in order to be eligible for tax credits,

while eligibility for income-related benefits (income support, pension credit, job seekers' allowance, housing benefit and council tax benefit) occurs only after 12 months of continuous employment...[so that after the 12 months period] immigrants are no longer required to be registered with the WRS and

³⁹³ Catherine Robinson and Stephen Drinkwater, “Welfare Participation by Immigrants in the UK”, (2011), discussion paper No. 6144, Institute for the Study of Labour: Germany, p10.

³⁹⁴ Robinson and Drinkwater, (2011), p10.

³⁹⁵ Idem.

*can obtain a residence permit confirming their right to live and work in the UK*³⁹⁶.

As regards eligible welfare benefits or tax credits claimants between A8 migrants and natives, figures suggest that migrants receive 23.3 percentage points lower than that of natives, and this is also the case with resident migrants who receive only 19.5 percentage points less likely than natives, knowing that the average percentage for obtaining benefits or tax credits amongst natives is 39.7%³⁹⁷. *“This means that A8 immigrants have a 59% (49% if they have been at least two years in the UK) lower probability of being in receipt of welfare assistance than natives”*³⁹⁸. Besides, *“even if we adopt a stricter definition and consider only A8 immigrants resident in the UK for at least two years who are observationally equivalent to the native population, the migrants would still be almost 3 percentage points (7%) less likely to claim benefits or tax credits”*³⁹⁹. Only few years after the EU enlargement, the world was hit by an economic crisis which most of the Western countries were severely affected by it, Europe was no exception. Therefore and in particular, the immigration sector, in its turn, also witnessed changes throughout the recession.

By tradition, the UK has been a net exporter of immigrants; however, *“immigration to the United Kingdom in the 21st century is larger and more diverse than at any point in its history”*⁴⁰⁰. The main factors which helped create such a continued immigration boom were “greater openness to economic migration since 1997, European Union (EU) enlargement in 2004, and robust economic growth”⁴⁰¹. All the three factors together paved the way to more and more people coming to the UK. Statistics show that “the foreign born grew steadily from under 9 per cent of the

³⁹⁶Caroline Halls, Christian Dustmann and Tommaso Frattini, “Assessing the Fiscal Costs and Benefits of A8 Migration to the UK”, (2010), p06.

³⁹⁷Ibid, p15.

³⁹⁸Halls et al, p15.

³⁹⁹Idem.

⁴⁰⁰Dhananjayan Srisankarajah, Maria Latorre and Will Somerville, “United Kingdom: A Reluctant Country of Immigration”, (2009), Migration Information Source, <http://www.migrationinformation.org/feature/display.cfm?ID=736>, accessed on: 18/02/2013.

⁴⁰¹Aaron Terrazas, Carola Burkert, Demetrios G. Papademetriou, Madeleine Sumption, Ruth Ferrero-Turrión and Stephen Loyal, “Migration and Immigrants Two Years After the Financial Collapse: Where DO We Stand?”, (2010), Migration Policy Institute: Washington, p47.

population in the mid-1990s to 13 per cent on the eve of the recession in 2007”⁴⁰². So, what could possibly be the impact of the most recent economic recession of 2008-2009 on the demographic change in the UK?

It is known that immediately after the accession of the eight eastern European countries to the EU, people born in these countries rushed in to move and settle down in more developed western European countries. Huge numbers of migrants headed in cohorts to the UK since now they are considered as ‘new Europeans’. The number of people born in A8 countries kept increasing from 2004 to 2007. However, in the years after the inflow of those immigrants noticeably went down in 2008-2009⁴⁰³⁴⁰⁴. This was remarkable when taking into consideration the number of EU A8-born migrants whose number coming to the UK in 2007 was 87,000 and which fell sharply to reach 16,000 in 2009, and in 2008 the inflow was 71,000 whereas the outflow arrived at 159,000; thus falling by 81 per cent⁴⁰⁵. A8 immigrants during this period made a reverse, that is, not only the inflow which decreased but outflow increased in an unprecedented way. The outflow of A8 immigrants boosted from “25,000 in 2007 to 68,000 in 2008”⁴⁰⁶. It has strongly been suggested that the explanation for such quick rise in A8-born immigrants departing the UK during 2008 “could be due to the toughening economic conditions in the UK relative to the economic conditions elsewhere”⁴⁰⁷. The deteriorating economic circumstances during the crisis helped push the immigrants, mostly from A8 countries, out of the UK which seemed less attractive for people who wanted to settle down and work in the UK. A8 migrants are said to be “the most likely group to be affected by economic conditions in the UK... [since most of them are] strongly labour-motivated, with 83 per cent citing their main reason for coming to the UK as ‘to work and earn money’”⁴⁰⁸

⁴⁰²Idem.

⁴⁰³Alice Reid, Alistair Dent, Cecilia Campos and Robert Fry, “Impact of the Recession”, (2010), Office for National statistics, p53.

⁴⁰⁴ See also figure 07 from Alice Reid et al, (2010), p53.

⁴⁰⁵ Alice Reid et al, (2010), p54.

⁴⁰⁶ Alice Reid et al, (2010), p54.

⁴⁰⁷Reid, 54.

⁴⁰⁸ Madeleine Sumption and Will Somerville, “Immigration in the United Kingdom: The Recession and Beyond”, (2009c), Migration Policy Institute, p40.

A8 immigrant access to welfare benefits was also affected during the last economic crisis. Over the course of the recession, the ‘new Europeans’ were less likely to receive benefits. However, they can be “*eligible for most benefits only after they have been continuously employed in the United Kingdom for at least 12 months, and before that period are eligible for certain programs such as child benefit and ‘in-work’ tax credits*”⁴⁰⁹. However, as regards unemployment benefits, it has greatly increased for both immigrants in general and the natives since more and more workers were losing their jobs. Despite this fact, and yet UK nationals always surpassed immigrants in terms of unemployment benefits as “*forty-four percent of unemployed natives and 28 percent of unemployed immigrants were receiving Jobseeker’s Allowance at the beginning of 2010- an increase of 13 and 5 percent, respectively, since early 2008*”⁴¹⁰.

Since a considerable part of the A8 immigrants’ intention to move to the UK was to settle down and find a suitable job; then there is possibility that every aspect of the British people life might have been affected by such huge waves of unplanned eastern European inflow. Hence, amongst the first public service to be influenced is the housing system. The housing sector was going through a crisis as the government did not plan for such sudden exodus, and to solve such a problem was only in the long-term scale. Therefore, big pressure was put on the housing sector, especially when concerns have been raised that increasing number of immigrants may compete with the natives in getting social housing. An anecdote within the British society is that “*migrant workers are prioritised for social housing over and above British-born households*”⁴¹¹. The perception of the common people is that “any increase in population means increased demand for housing services and if supply does not meet demand, this could lead to rising prices or increased queues for social housing”⁴¹². So, is there any effect of A8 immigration on housing services?

⁴⁰⁹ AzronTerazas et al, (2010), p57.

⁴¹⁰ Idem, p58.

⁴¹¹ Jane Hardy and Nick Clark, “Free Movement in the EU: The Case of Great Britain”, (2011), Friedrich-Ebert-Stiftung: Germany, p17.

⁴¹² Centre for Economic Performance, “Immigration and the UK Labour Market: The Latest Evidence from Economic Research”, London School of Economics and Political Science: London, p07.

Statistical evidences show, as yet, no definite effect of immigration on housing or housing market. As it is already mentioned above, A8 immigrants are not allowed to have access to welfare benefits unless they are registered in the Working Registration Scheme for at least 12 months at a row and this is the case with the housing sector. As a result to such policy, it has become difficult for new immigrant workers to gain a decent house either from a council or from housing association. Such restrictions in housing policy, since new migrant workers have no entitlements to social housing, pushed *“migrant workers [to] routinely live in sub-standard accommodation... where conditions were often severely overcrowded with migrants sleeping in corridors and kitchens”*⁴¹³. Confirmation from two different case studies demonstrates that the new A8 migrants are by no means having negative impact on the natives’ chances to gaining access to social housing because the first study shows that: *“in Lincolnshire around half of respondents lived in privately rented housing, about a fifth got their housing via an employer, less than a tenth rented from other migrant workers, or owned a property, and around a sixth rented via estate agents”*⁴¹⁴. The other study made in West Midlands *“found 68.4% of respondents lived in private rented housing, often with friends or family. Some 2.7% owned their home, 9.9% stayed with friends and family and 6.9% lived in social rented accommodation”*⁴¹⁵. For this reason, the new A8 migrant workers are probably said to have the worst housing conditions in the UK. The impact is not seen directly on the natives’ lives since they are not totally touched by housing crisis, and if they ever are the new A8 migrants play no big part in it, but the real impact is on the British government which proved massive failure in conducting this socially felt deficiency.⁴¹⁶

⁴¹³Clark and Hardy, p18.

⁴¹⁴ Jane Thornhill, Jenny Phillimore and Lisa Goodson, “Migrants from A8 Countries and Housing in the East Midlands”, (2008), Centre for Urban and regional Studies For Decent and State Homes: University of Birmingham, p21. Taken from Zaronalte, D. & Tirzite, A, “The dynamics of migrant labour in South Lincolnshire”, (2007), EEDA and Lincolnshire Enterprise.

⁴¹⁵Idem. Taken from Green. A, Owen. D, & Jones. P, “The economic impact of migrant workers in the West Midlands”, (2007)

⁴¹⁶ Report on Immigration, <http://www.youtube.com/watch?v=toez6IWu3Rg>, accessed on : 21/022013.

CONCLUSION

This work has attempted to show that since the UK joined the Common Market in 1973, it has become more opened towards 'Europe'. Therefore, the main focus of this work is to explore the relationship between the EU and the UK. Does this openness towards 'Europe' suggest that the UK has been Europeanized? Indeed the use of such concept proved that there are many aspects in which Britain demonstrated signs of Europeanization. It is known that Europeanization as a concept has emerged recently (by the early 1990s) and that data providing information about such concept is by no means prolific. In this work, it has been used as a tool to show this transformation of the nature of relationship between both sides 'Europe' and the UK.

Talking about this relationship and its nature, British politics has gone through many U-turns, and this can be justified on the grounds that this relationship is based on pragmatism – especially on the side of the UK. Therefore, and in order to make this case clearer, it is important to show signs of this pragmatism that have already been developed in this research. To start with, Britain's entry is already based on pragmatic motives. It is known that by the 1960s and 1970s Britain was living in a relative economic decline while she was going through a general discontent expressed by the masses. Many social diseases were spreading quickly such as the 'five giant ills' of homelessness, poverty, idleness, sickness and illiteracy. Besides, Britain's economy was believed to have been surpassed in comparison to other European economies. She was left behind in terms of technological innovations and high-skilled 'main d'oeuvre'. As a result, it is strongly suggested that joining 'Europe' would heal some of Britain's ills.

It is worthy to note that the EU's impact on the UK's political parties, namely the Conservatives, the Labour and the Scottish National Party, is of considerable importance. It has been made clear that this impact can be *direct* through laws and directives initiated and intended by the EU dominant member-state actors; or *indirect* which is unintended by the latter and unopposed by the member states⁴¹⁷. This impact was on many aspects of party life, however, this analysis focused mainly on the change in the parties' policies and attitudes vis à vis the relationship between the EU

⁴¹⁷ I an Bache, « Europeanization : A Governance Approach », (2003), Sheffield: UK.

and the UK. The EU's effect(s) was/were pretty visible when it "created" divisions within mainly the Conservative and the Labour parties who have long suffered inter dissection between pro-Europeans and Eurosceptics. The Conservative Party was the best sample for this. It witnessed many fissures as a result to the European issue to the point where their leader, Mrs Thatcher, has been toppled down by her own party members. Her Euroscepticism was thought to have been unbearable and even harmful to the very existence of the party and its electoral success.

As to the Labour Party, it did not escape from party fissures as well. It has witnessed many changes in her attitude towards Europe. Its historic U-turn was in the eighties as the Party felt the necessity to modernise itself as part of its programme of Policy Review. The Conservative Party by that time moved to the extreme, and so the Party thought it best to replace it by moving more towards the centre. It was a strategic plan on behalf of the Party in order to win electability. Since then, the party remained pro-European. This leads one to assume the successful step towards the Europeanization of the Labour Party.

As regards the SNP, the latter is in its turn strategic in its dealings with EU matters. The Party's ambition manifested in its policy of "independence in Europe" leads it to ask for independence from the UK so that Scotland will be able to be a full member of the EU. Turning its eye view to 'Europe' may indicate that this is the consequence to the Party Europeanization. The Party views that Scotland's independence will allow her to benefit from both Unions. It will be an equal member to the UK and so keep open borders with it, just like with any other member state of the EU. The Party aims at building strong economic ties in order to make of Scotland a better place to live in for the Scottish in the first hand. Both the Labour Party and the SNP are said to have gone through a process of Europeanizing some of the elements of their parties, namely their attitudes and policies that have to do with Europe.

The European Free Trade Area (EFTA), was deteriorating in terms of its pace of development while Europe's Common Market seemed to go even further in its prosperity and success. As a result, and in order not to miss the train that seemed

to move faster, the UK preferred to catch this 'train' and remain left behind. The other sign of this pragmatism is that the reason for Britain's motivation to enter to the Common Market was to maintain the 'special relationship' with its junior partner the USA. Not only had this but the USA wanted it to be in in order to have a big European market with which it would trade its products. Added to this, Britain – especially under the Conservative government – believed that once the UK is in the Community it would be the leader and keep up its control over the different mechanisms of the Market. Mrs Thatcher believed that she had and would 'Thatcherite' the Common Market when initiating a crucial step by signing the Single European Act (SEA). De Gaulle was indeed right when claiming that the UK was running after the Trojan horse game of establishing leadership role in Europe once she secures its entry. However, the latter proved to be relative for every time Britain comes out disappointed.

On the other hand, this pragmatism is not only seen on the part of the UK but also the EU's. Although De Gaulle rejected all Britain's applications, yet, it was France who played an important role in the UK's admission process. Ironically, it was even in the 'Elysée Palais' where Britain signed its contract of entry. France wanted Britain in not for the sake of Britain's interests but of the Community as a whole. It believed that the UK would absorb all the surpluses resulting from the Common agricultural Policy (CAP). Besides, the Community viewed that Britain would be an important factor because it needs its waters that's why it made it obligatory to be part of the Common fisheries Policy (CFP). Britain did by no means agree to these conditions and yet Edward Heath viewed that since Britain was in its first stages, so she had to wait for a while and start negotiating to win its case of the CAP and the CFP. However, none of this happened as Britain still had to negotiate to make better improvements for both the CAP and the CFP than the existing ones. The other sign of pragmatism on the part of the EU is the budget rebate which has been issued for Britain – and only Britain. Shortly after solving the rebate debate, the EEC's integrationist project witnessed a crucial acceleration as EC leaders knew that by disentangling such problem, it would help boost the plan towards economic and

monetary union. EC leaders knew that although the UK did not agree with this objective of using economic integration to reach a final end of achieving political integration, and yet they worked on negotiations which would serve both sides because they knew that the UK is and would be an important partner.

It is also important to bear in mind that despite the many differences that exist between the UK and the EU, the UK has not officially suggested its withdrawal from the Union. This is due to the sum of benefits that the UK obtains from her membership of the EU. Britain's trade keeps growing with the other Member states of the EU. More jobs, therefore, more production was being created thanks to the direct links of trade with 'Europe'. The 1967 Labour's U-turn was mainly about hoping for new job opportunities awaiting the British in the Common Market. Perhaps, the reason why the UK has not advocated, yet, its withdrawal officially is because the UK knows that outside the single market it would have no influential role or control over the form and upcoming evolution of the European economy. This also suggests that EU institutions and policies have become a vital part of the British political and economic process.

Perhaps this suggests that the UK's attitude towards Europe has changed since its adherence to the EU. This is a viable possibility if one takes the Europeanization effect with the laws and directives coming from the EU to reach standardisation for harmonization. Taking into consideration the impact of these laws initiated by the EU, one might mention some to show the different signs of this impact. Indeed, the Social Chapter signed by the New Labour government and its Directive on the Protection at work of pregnant women who have recently given birth. Among the changes that this Directive has modified is that maternity leave is by now for fourteen weeks. Besides, maternity leave cannot begin before the 11th week before the expected week of childbirth, so the maximum statutory leave period is 40 weeks.

The other effect is engendered by the A10 immigrants who have produced a considerable impact on the British society after the 2004 EU enlargement. Not only had these immigrants come in huge numbers, but they also occupied an extensive

number of jobs – although most of them are not desirable on the part of the British. These jobs can be cleaning, clearing staff and care assistance. It is worthy to note that these immigrants work with lower wages – an incidence which has disturbed the ordinary British as they believe that immigrant workers contribute in the decrease of wages. As a result, one can say that Britain's move into zones of high politics such as; in this case, immigration has produced a lot of controversy and disagreement.

Moreover, the other sign of this alteration in attitude towards Europe was best manifested the New Labour's policy of constructive European engagement, which implies the fact that "*Britain shares the goal of constructive partnership of nations in Europe*". What Blair aimed at was that "*Britain's future is inextricably linked with Europe; that to get the best out of it, we must make the most of our strength and influence within it; and that to do so, we must be whole-hearted, not half-hearted, partners in Europe*". Although Blair's Government and the subsequent Brown Government did pursue such policy to advance the national interest rather than to weaken it. In addition, the Scottish National Party's policy of 'independence in Europe' makes the point of the Europeanization effect. The key principle of this policy is to secede from the UK but continue membership of the EU as a separate Member State. The SNP has looked for the legitimacy of the independence of Scotland by the other EU Member States and eventually by the UK.

This work has also attempted to show that the relationship between the UK and the EU has gone through various difficulties and times of crises. When Margaret Thatcher came to power in 1979, she started working on the rebate debate which she viewed it her mission to get her "money back" until she finally obtained it in 1984. This had complicated the British relationship with 'Europe' as during the negotiations process, Britain gave the impression of being 'awkward' and 'semi-detached' partner who hesitates in its dealings with the other Europeans. Another problem which made the UK enter into a period of difficulties was that related to the Common agricultural Policy with which Britain till now is still vexed with some of its mechanisms. It is believed that the CAP has contributed in the rise of prices – a fact which the British were not used to when they were partners with the

Commonwealth countries. Most importantly, it was the CAP which had initiated the budget rebate debate.

Additionally, when the European Monetary System was in the making, the UK, as usual, underestimated and was sceptical about this project – just like it took too lightly the whole European project when it was in its beginning in the 1950s. It thought that it will fail like its predecessor the ‘snake’. As a result, Britain was not part of the European Monetary System and more importantly did not join the Exchange Rate Mechanism as Eurosceptic opinions believed that the ERM was not too much suitable for Britain’s exchange rate stability. In fact, the option of joining the ERM has divided the British opinion between Eurosceptics and Europhiles. On the other hand, Mrs Thatcher was completely against Britain being a member of the ERM. Her adamant stance has generated dissections even within her Cabinet. It is known that Mrs Thatcher was sceptical about any given European initiative, and yet she signed the Single European Act. However, when she discovered that the real aim of the Union was to reach political union and unity, Mrs Thatcher was shocked and did not accept such idea. Economic union was but a tool to that goal. It is believed that this is the main cause of disagreement between Mrs Thatcher and the EU as a whole since from that point on relations between Mrs Thatcher and ‘Europe’ started deteriorating in a remarkable way.

In consequence, Thatcher’s most noticeable confrontation with ‘Europe’ was expressed in the Bruges speech when she made public her sceptic attitude towards Delors’s plan of offering a social dimension to the EU, and by so doing, keeping away its reputation of being a capitalists’ club. It was out of question for Mrs Thatcher to accept what she termed “socialism through the back door”. As a result to issues related to the EU, Mrs Thatcher started reshuffling members of her party, and even some decided to resign from their office. Amongst the most prominent figures were Nigel Lawson, the then Chancellor of the Exchequer, and Geoffrey Howe, Secretary of Foreign Affairs. In consequence, things went even worse when the majority of the Conservative Party was asking for Thatcher’s departure. She eventually, resigned in 1990 – although she wanted to stay for a longer period to

finish the job she started in the way she expected it. These conflicts have even sharpened the Eurosceptic wing in British politics during the 1990s and among the main reasons which has made of Euroscepticism a powerful force in British politics is the rising debate about understandings of sovereignty. As a result, Europe turned out to be one of the fundamental central concerns in British politics in the 1990s.

It has been stated in this work that the UK did not agree to join neither the EMS nor the EMU and this is due to the fact that both do not serve the national interest in the best way. In economics, European integration has been for the most part concentrated on economic integration through the Common Market, then the Single Market and, in recent times, EMU. As concerns the European Monetary Union, the UK did not meet all the five convergence criteria set out in the Maastricht Treaty 1992. As a result, it was judged that Britain cannot be a member of the EMU. However, this issue has produced much debate at home about the possibility for Britain to meet all those criteria in the near future. Would she join the European single currency, or would she abstain? But things went on when the New Labour Party came to power in 1997 with its Euro-enthusiast leader Tony Blair who gave the impression that Britain would no longer be that detached sceptical member. His promise was that if Britain passes the five economic tests set by his Chancellor of the Exchequer, Gordon Brown, to discuss the viability of Britain joining the single European currency, then, Britain would have the choice to decide whether to adopt the currency or not. He claimed that the choice would be for the British people and the Government as soon as it would be for benefit of Britain's economy. The principle factor which hampered the UK from adopting the single currency was the British pound stands as a symbol for Britain's prestige. It even expresses a side of their identity as a strong nation with a strong economy. As a result, the British were not willing to let go of such asset as easily as the EU may expect it.

As the UK was not and is not part of the Economic and Monetary Union, there exist numerous gains and losses surrounding such situation. Among the gains that the UK achieves by staying out is that the UK will avoid the unpredictable crises

which result from currency instabilities. Besides, Eurosceptics argue that by remaining out of the EMU, Britain has nothing to fear about when it comes to her economy's well-being. On the other hand, as concerns the losses, Europhiles sustain that if Britain will not join the EMU, she will be side-lined in issues which have to do not only with the European market since she is not part of the Eurozone, but also she will be downgraded in matters which, they fear, concern making decision about the Union as a whole. And by so doing, Britain will miss but another choice in being at the "heart of Europe".

Having said that, one might wonder about the future of the relationship between the EU and the UK? If presumably this relationship will work for longer and endure the different difficulties that might happen, then, what possible effects this endurance will have on this relationship? And how will it be if this relationship will fail? Besides, what would the impact be on the British society? Despite Britain's grandeur and the prestige she enjoys at the international scene, will she keep this status and reputation after she withdraws from the EU – if she ever will – by having strong economy, or will she lose it by standing alone, if one takes into consideration that the world today is living in an age of blocs and unions, as some Europhiles sustain? Moreover, can Britain ever be at the heart of Europe?

Although the British seem to be quite annoyed and afraid of the fact that their country would be submerged by the East Europeans, and yet it is important to mention that it was Mrs Thatcher who wanted to free the UK and make the British join free Europe! This seemed quite contradictory on behalf of Mrs Thatcher as she used to defend the UK's authority and was by no means willing to submit any sovereignty of her country. This relative quick move of immigrants to the UK has brought with it many changes visible in the British society. This can be manifested in the way of life of the British who seem to be more open to all what is 'European' especially what concerns the different types of food. The British, now, are more willing to take their breakfast with the French *croissant* and during work they prefer to take a quick coffee in a time when the British used to make a pause to enjoy their tea break! However, this and other habits have changed in the British society not only

because of the Europeanization factor, but one dare say it is also due to the influence of globalization which hits the entire globe – and so the UK is by no means an exception.

Moreover, it is worth questioning the willingness that Britain is ready to offer if the EU can no longer be sustainable especially with the successive crises that it has recently witnessed which might predict its preminent dissolution? And the best example of this is that of Greece's crisis whose main cause of credit bubble, and which had verily put in danger the very existence of the Euro. Greece's economic crisis has even shaken people's trust and rendered them less convinced of the very structure and institutions on which the EU is based. In this case, will the UK keep up with the EU, or will it think the unthinkable of adopting other ways which might include the intention of withdrawal?

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Index

CAPthe European Agricultural Policy

CFPthe European Fisheries Policy

CBI the Confederation of British Industry

ECthe European Community

ECSCthe European Community of Steel and Coal

ECU the European Currency Unit

EECthe European Economic Community

EFTA the European Free Trade Area

EMSthe European Monetary System

EMU the European Monetary Union

ERMthe Exchange Rate Mechanism

EUthe European Union

FAO Food and Agricultural Organization

GNI Gross National Income

MEP Members of the European Parliament

MCC the Maastricht Convergence Criteria

OECD Economic Co-operation and Development

OSCE the Organization for Security and Co-operation in Europe

SEA the Single European Act

SNP the Scottish National Party

TFEU the Treaty on the Functioning of the European Union

VAT the Value Added Tax

المملكة المتحدة في الاتحاد الأوروبي

الآثار الاقتصادية، السياسية والاجتماعية

هل تحققت أوروبية المملكة المتحدة؟

ملخص

شوّف البعض قلقهم حول المشروع الأوروبي، الذي أصبح هشّ أكثر من أبدأ. البعض قد يحدسون حتمية نهاية محتملة إلى هذا البناء الاقتصادي والسياسي الأوروبي التاريخي. أي نهاية محتملة على شكل طي أو توقّف بسبب هذا التعاقب من حالات فشل المصرف الأيرلندية والأيسلندية، أزمة الديون ذات السيادة اليونانية والبرتغالية. كنتيجة، اليورو قد لا يقاومه، يسبب الاتحاد الأوروبي للتوقّف. إنّ اقتصاد الاتحاد الأوروبي، الذي يصنّد الأمم السبع عشرة بأن تستعمل العملة الأوروبية وعشر آخرين، كتلة اقتصادية أكبر من الولايات المتحدة أو الصين، يهدّد حتى الآن بالمستقبل المجهول منذ اقتصاد أوروبا يتغلّب عليه بتهديد الانهيار المالي. من الناحية الأخرى، زعماء أوروبيون يعملون بجدّ لكي يبدّدوا الأزمة التي تُصيب الاقتصاد الأوروبي للسنتين الأخيرة. على الرغم من الكثير يُنقذون الخطط التي قدّمت لحماية اليورو، وفي النهاية الاقتصاد الأوروبي، رغم ذلك الأزمة المالية الأوروبية ما زالت في الطوارئ. الآن، إذا واحد يأخذُ بنظر الاعتبار مكان بريطانيا في وسط القضايا الأوروبية المختلفة، ثمّ، الكثير قد يُقال حول العلاقة الثنائية بين المملكة المتحدة والاتحاد الأوروبي.

منذ أن إنضمَّ بريطانيا إلى المجموعة الأوروبية (المجموعة الأوروبية) في 1973، كانت على حافة الكثير تَقْفُلُ النَظَوراتِ بدأت في المستوى الأوروبي. لتَسْمِيَةِ لكن بضعة هذه الأحداثِ الحاسمة، بريطانيا لَمْ تُتَضَمَّ إلى المنظمةِ الأوروبية فوق السلطة الوطنية الأولى، المجموعة الأوروبية للفحم والصلب (المجموعة الأوروبية للفحم والصلب)، متى هي أُسِّست في 1951؛ وهي لَمْ تَأْخُذْ بجدية مفاوضات Messina في 1955 التي أدَّت إلى معاهدة روما في 1957. عندما المملكة المتحدة إنضمَّت إلى السوق المشتركة بنجاح، واجهت الانقسامات ضمن وبين الأطرافِ الرئيسية في أواخر الستينيات والسبعينيات على العضوية؛ كنتيجة، أرادت إعادة مفاوضات شروط الموافقة في استفتاء عام في 1975. كنتيجة، هو جودل من قبل العديد من الأكاديميين، بينهم حائط ستيفن في أي غريب في أوروبا (2008)، الذي بريطانيا كانت / عضو صعب من المجموعة الاقتصادية الأوروبية.

لفهم هذه العلاقة الواقعة في مشاكل بين المملكة المتحدة والاتحاد الأوروبي، من المهم رمي بعض الضوء إلى الخلفية التي قد تُبْرَى 'الصعوبة في طبيعة العلاقة بين المملكة المتحدة والاتحاد الأوروبي. هي لا حاجة للقول بأن بريطانيا كان عندها اللحظات دائماً من الأزمة قبل ذلك وعندما إنضمَّت إلى المجموعة الأوروبية. هذه لأن أوروبا يتدخل في الأمور الحيوية حول موقع المملكة المتحدة الدولي، حول فهم الذاتي الوطني، حول إقتصاد بريطانيا، نظام سياسي وصادرات سياسة. خلال المعاهدات وأفعال وتوجيهات، قبلت أكثر الدول الأعضاء الأوروبية التغييرات جلبت بالاتحاد الأوروبي في مستوهم الوطني. المملكة المتحدة، من الناحية الأخرى، كان أقل عاطفي ومتحمسون

عندما قارنوا إلى الأعضاء الآخرين. كبريطانيا بلاد حبيب حرية، هو كَانَ دائماً صعبَ لها أَنْ تُوافقَ على أَنْ تكونَ مُوجَّهةً مِنْأرض بعيدة وَمِنْ الناسِ المجهولين والغير قابل للتفسير.

عندما المجموعة الأوروبية ما زالت جنين، المملكة المتحدة فضّلتُ البقاء جانباً بأخذ دورٍ مراقبٍ بدلاً مِنْ أَنْ يلعبَ الجزءَ الرئيسيَ ويَكُونُ أحد آباء مؤسسين المشروع المتزايد. منذ موافقتها، بريطانيا صرفتُ مقدار كبير من وقت يتصارعُ حول طبيعةِ الإتحاد الأوروبي وإجراء ومجال وتوجيه. دخول بريطانيا المتأخر كَانَ عِنْدَهُ تأثيراتٌ عميقةٌ على طبيعةِ العلاقةِ مَعَ أوروبا لأن كُلَّ الإقتراحات، مقترحات ومشاكل مستوية كان يُمكنُ أَنْ يُؤخذَ بجدية إذا هي كَانَتْ في ' قلب أوروبا ' بدلاً مِنْ أَنْ تكونَ على الهامش. لَكُلِّ مَرَّةً، بريطانيا كان لا بُدَّ أَنْ تُقاتلَ بشدّةٍ لكي تُحصلَ على الذي تَسألُ عنها. الخصم الرخيص، السياسة الزراعية المشتركة، سياسات الثروات السمكية المشتركة بين أفضل الأمثلة التي سَتُسَمَّى. مراراً وتكراراً، فَقَدَتْ المملكة المتحدة الكثير مِنْ الوقتِ في مفاوضاتها الذي يَتعلّقُ بأمورِ المجموعة الأوروبية. هذا يُمكنُ أَنْ يُعتَبَرَ كعيب ظاهر في المركز ذاته مِنْ السياسةِ البريطانية.

علاقة بريطانيا مَعَ أوروبا كَانَتْ في أغلب الأحيان يُعتقد بأنها مستندة على التقديرات الواقعية حول الكلف والمنافع بدلاً مِنْ أيِّ إتّصال إلى الأفكار والأهداف الأوروبية. بريطانيا على الإطلاق لا تُقدّرُ أو تَشتركُ في الإتحاد الأوروبي في هدفها النهائي لوصول الإتحاد والوحدة السياسية عن طريق الإتحاد الإقتصادي والتماسك الاجتماعي. عندما الرئيس الفرنسي ديغول كَانَ في المكتب، نَقَضَ كُلَّ تطبيقات بريطانيا. إحدى الأسباب الرئيسية كَانَتْ خوفه

بأنّ بريطانيا تلعبُ لعبةَ 'حصان طروادة' - عندما هي في الدّاخل، هي تودُّ أن تُقرَّر وتُسيطرَ على الدول الأعضاء الأخرى طبقاً لمصالحها. على أية حال، المملكة المتحدة ما كانت ناجحةً في هذه؛ ورغم ذلك إستمرت بموقف الإستغلال نحو الإتحاد الأوربي.

عندما أخذَ توني بلير مكتباً في 1997، نظرته إلى أوروبا جُعلت واضحة جداً؛ حاول تأسيس علاقة قوية بكلا الجانبين، الإتحاد الأوربي والولايات المتّحدة كما اعتقدَ بأن لا أحد أفضل من الآخرين، هم شركاء مهمين على حد سواء الذي لن يُهمّلوا. إستهدفَ جعلَ المملكة المتحدة حنجس الذي يرتبط بين الشريكين، لذا، عندما يعملون سوية، هم سينتهون بجعل المتينة علاقتهم الأكثر. نظرة بلير والتي وينستن تشرشل أمامه تدفع واحد للتفكير بشأن دور المملكة المتحدة ضمن الإتحاد الأوربي على أساس حقيقة، خصوصاً الذي الإتحاد الأوربي بدأ تشويف سمات التكامل الأوربي. المجموعة الأوربية ظهرت وبدأت خطواتها الأولى أثناء الحرب الباردة وكانت مُشكلة من الإقتصاديات الرأسمالية لأوروبا الغربية. على أية حال، عند نهاية الحرب، واجهت المجموعة الأوربية مواجهة إمتثال إلى 'أوروبا جديدة'. "هذا يؤكّد بأنّ الإتحاد الأوربي فوراً وأوروبا ليست نفس الشيء شيء. الشرطان [أوروبا وتكامل] لا يمكن أن يُنقل ... الذي هام حول الإتحاد الأوربي، ويميّزه من المنظمات الأخرى، بأنه فوق السلطة الوطنية."

إنّ أسئلة البحث الأساسية، التي القاعدة لمجموعة البيانات وتنشأ عن غرض الدراسة: ماذا الطبيعة تلك تميّز العلاقة بين المملكة المتحدة بالإتحاد الأوربي منذ أن تنضم إلى الأعضاء المؤسسين السنة في 1973؟ التي، رغم وجود

العديد من الاختلافات بين الممثلين وأيضاً إرتفاع جناح الشكّاك في الإتحاد الأوروبي ضمن الأحزاب السياسية الرئيسية والإحصائيات الذي شوفا الموقف غير المتحمس للرأي العام ولحد الآن، تواصل المملكة المتحدة عضويتها من الإتحاد الأوروبي وأليس رسمياً ويقترح إنسحابه بشكل حاسم؟ هل ذلك يقترح بأن موقف المملكة المتحدة نحو 'أوروبا' هل تغيّر منذ تمسّكه إلى الجالية؟ إذا كان الأمر كذلك، لماذا وكيف المملكة المتحدة أصبحت مفتوحة أكثر نحو 'أوروبا'؟ بعد قول ذلك، لابد أن يكون هناك تأثير من كلا الجانبين يؤثر على بعضهم البعض، كيف هذا التأثير يكون مدروساً، وما المناطق الأكثر ملاحظة تلك أثرت عليها؟

كما العديد من التغييرات حدثت بعد الحرب العالمية الثانية، واحد قد يتساءل، كم هذه يمكن أن يؤثر على بريطانيا وعلاقاتها مع أوروبا. لذا، الإستعمال المقصود لنظرية Historicist غرض هام. من المهم فهم الخلفية التاريخية التي فيها بريطانيا انضمت إلى المجموعة الأوروبية في 1973، لأن هذه قد تبرز ردود أفعالها مبادرات أوروبية 'مقابل'. يساعد على فهم لماذا المملكة المتحدة / تطوّر علاقات أوروبية أن تصبح ما هم في الوقت الحاضر. في الحقيقة، أثر بريطانيا على الإتحاد الأوروبي في عدة أشكال، لكن التأثير الأخير أكثر ظاهرة بينما هو سيكون معروض في كافة أنحاء البحث.

أثبتت نظرية Historicist أهمية عالية هذا البحث كما يزود وجهة نظر شاملة الباعطت حدث الحدث في a نقطة مُعطية في التاريخ حيث يُشوّف بالضبط الذي يحدث أثناء وحول ذلك الحدث المعين. الأخيرة أنتجت ببعض العوامل وهي، تباعاً، يُنتج آخر (أو آخر) حد؛ ذلك، هو كان تأثير إلى الحدث الآخر

ولذا يُحدث تأثيرات أخرى. كإيضاح، واحد يُمكن أن يختار نظام غابة. هذه الأخيرة كانت نتيجة الإقتصاديات المتدهورة بعد الحرب العالمية الثانية. هو قُدِّمَ لكي يضمن إعادة بناء نظام نقدي دولي وإستقرار الأعضاء الذي وافق على الإنضمام إلى إتفاقية غابة Bretton. هو، تبعاً، أنتج التأثيرات على المملكة المتحدة (خصوصاً منذ هي جسم هذا الموضوع). هذه التأثيرات يُمكن أن تُظهر في خريف عام الجنيه الإسترليني ك عملة عالمية أولاً. كنتيجة، إقتصاد بريطانيا بدأ تدهور وكذلك معه الإمبراطورية البريطانية عندما ' ربح من التغيير ' أنست مستعمراتها السابقة. ليس فقط عمل ظهور إتفاقية غابة Bretton كان عنده تأثير على بريطانيا لكن تأثيرات إنهيائه كان ظاهر جداً على الإقتصاديات الأوروبية عندما أدت إلى عدم إستقرار العملة بإعادة تقدير الألماني مارك وإنقاص القيمة الفرنك فرنسي. إنهيار مثل هذا النظام الدولي ولأحدث حاسم في أوروبا يعني خطة ويرنر في 1970. المقدّم الأخير "نظام أفعى" في أي عملات مجموعة أوروبية داخل الحدود الضيقة ضد الدولار ' النفق '. تُشوّف نظرة Historicist بأن أي حدث مُعطى شكّل وهو شكّل ومن قبل لذا عمل ما عليجعل من التاريخ.

منذ أن إنضمَّ بريطانيا إلى السوق المشتركة في 1973، المجتمع البريطاني ككل رأى تغييرات مختلفة. حدثت التعديلات المهمة أيضاً في السياسة والإقتصاد، سواء الجالية أو بريطانيا نويتهم أن يحدثوا أو ليسوا، صعب للإخبار. لأن مصدر تلك التحويلات تنشأ من أوروبا، الحقول المعينة التي متأثرة قليل بأنهم كانت قد أورت. على أية حال، أورية التعبير مثل العولمة،

هو يُمكنُ أَنْ يُستعملَ كنقطة دخولٍ لـ a فهُم أكثر مِنْ التغيراتِ الرئيسيةِ
تَحْدُثُ في السياسةِ البريطانيةِ وإقتصادِ ومجتمع.

هذا العملِ محاولة بسيطة لإكتشاف أكثرِ حول علاقة بريطانيا بالإتحاد الأوروبي.
يُريدُ أيضاً أَنْ يتحرّى المدى الذي كلا الجانبين الذي المملكة المتحدة والتأثيرِ
الأوروبي بعضهم البعض، إذا هم أبداً يعملون. يُبرزُ فائدة الإتحاد الأوروبي
خصوصاً إلى المملكة المتحدة. إنّ الفكرة الكاملة لفحص العلاقة بين المملكة
المتحدة والإتحاد الأوروبي على الإطلاق لا جديدٌ كلياً، لكن الأدوات كَيْفَ
تَقْتَرِبُها جديد وهذا بإستعمال مفهوم الأوربة. هذه الدراسة نظرتُ إلى هذا
الموضوع منزاوية مختلفة بمساعدة مثل هذا المفهوم.

بجانب نظرية Historicist، تُستخدمُ هذه الورقة مفهوم الأوربة كأداة للإقتراب
مِنْ النقاطِ المختلفةِ رَفَعَتْ في هذا التحليل؛ هو ضروري للبدء بمناقشة
وتوضيح مفهوم الأوربة، لأن المزايم والحجج لا يُمكن أَنْ تُدْعَمَ بدون أَنْ
تَكُونَا واضحة حول المعنى (s) لكي تُستعملَ في هذه الدراسة. في محاولة
لتعريف الأوربة، العديد مِنْ العلماءِ والباحثين إستشهدوا بإستعمالاتٍ مختلفةٍ إلى
هذا التعبير. روبرت Ladrech، أستاذ السياسة الأوروبية، كَانَ بين العلماءِ
الأوائل الذين سَيَهْتَمُونَ بهذا المفهوم. عرّف أوربة بينما "عملية تزايدية التي
تُغيّرُ وجهة الإِتْجَاهَ وشكلَ السياسةِ إلى الدرجةِ تلكِ مجموعة أوروبيةِ السياسيةِ
والحركية الإقتصادية يُصبحان جزءَ المنطقِ التنظيمي للسياسةِ وصنعِ السياسةِ
الوطني". على الرغم من هذا، في "أوربة وأحزاب سياسية: نحايطار للتحليل
(2001)، إعتبرَ Ladrech أوربةً كـ "عملية التغيير والتكيف الذي يُفهم
بأنه نتيجة تطویر الإتحاد الأوروبي". برجيت Sittermann في "أوربة - أي

خطوة للأمام في فهم أوروبا؟ "صرّح" بأنه لا يجب أن يُنسى بأن الأوربة تماماً مفهوم صغير "؛ و"تلك قلة نظرية كبيرة من الأوربة لذا ليست مفاجأة".

في الحقيقة، العديد من العلماء كان عندهم الصعوبات و' التشويش مستوي بالإشارة إلى كيف يقترب من مفهوم الأوربة، بسبب تعقيداته وتأثيراته المتعددة الأبعاد. الكلام عن الأخير، هناك حاجة لأخذ في الاعتبار الذي عندما يتعامل مع مفهوم الأوربة، واحد قد يدرك بأن التأثيرات يُحتمل أن تكون مختلفة لأن يعتمدون على مدى القدرة الأوروبية في مناطق السياسة المعينة. بكلمة أخرى، بعض الأجزاء أكثر مساً من الآخرين لأن مجال الاتحاد الأوربي النشاط لا تتوسع خلال كل السياسات.

مع ذلك من الصعب إعطاء معنى دقيق من 'الأوربة'، هو حاسم لوضع التعبير ضمن حدود معرفة التي ستكون معروفة في كافة أنحاء البحث. في سياسة الأوربة، Featherstone و Radaelli ادّعى ذلك:

أوربة ' عنده قيمة صغيرة إذا تكرر فكرة حالية مجرد. هو ليس مرادف بسيط للتكامل الإقليمي الأوروبي أو التقارب المستوي، مع بأنه يتداخل بسمات كلا. كتعبير لعلوم الاجتماعيات، هو يمكن أن يتراوح على التاريخ، ثقافة، سياسة، مجتمع، واقتصاد. هو عملية التغيير الهيكلي، عناصر فعالة ومؤسسات مؤثرة بشكل مختلف وأفكار ومصالح.

بكلمة أخرى، أوربة ك مفهوم لم يحدد الحقل معين من الدراسة، لكن يمتد لتشكيلة الحقائق. يُضيف أبعاد:

الأوربة تشتمل عمليات بناء ، إنتشار للقواعد الرسمية والشكلية، إجراءات، أمثلة سياسة، أساليب، ' طرق لعمل الأشياء والإعتقادات والمعايير المشتركة الذي يُعرفان أولاً ودعما في عملية السياسة الأوروبية وبعد ذلك دمجت في منطق محلية (وطني ومواطن ثانوي) حديث، هياكل سياسية وسياسات عامة.

هو ضروري على حد سواء لمعرفة ما أوربة لا لكي تجعل مثل هذه المفهوم والمتماسكة المفهوم الأكثر للسبب الذي يجعل الأمر واضحاً الذي مفهوم لا حيوي بقدر يُميز ما هو. يعترف روبرت Ladrech بأن الأوربة:

إن[تقارب - سياسة أو ما عدا ذلك، بالرغم من أن التقارب قد يكون واحد من بُعد الأوربة، لكنه قد يُنتج إنحراف أيضاً؛ هو ليس توافقاً، كأوربة قد تؤدي إلى المنافسة التنظيمية، على سبيل المثال؛ وهو ليس تكاملاً سياسياً، كأوربة نتيجة التكامل الأوربي.

علاوة على ذلك، أوربة، مُتكلّمة بشكل واسع، "تعبير الذي يُستخدم لإعتبار أو وصفا لعملية التحويل والبادئة من أوائل التسعينيات، إستعمل العديد من العلماء أوربة كأداة لتحليل السمات المختلفة هذا التحويل '. بهذا الخصوص، Dyson وGoetz في ألمانيا وأوروبا وسياسة القيد ميزوا ' إثنان من أجيال دراسات الأوربة مع ' أولاً جيل '، الذي يُمكن أن يُتبع إلى السبعينات، ' كان مكافئ إلى التكامل الأوربي وكان ' a من الأعلى للأسفل ' عملية فرض بالمستوى الأوربي '. من الأعلى للأسفل منظور كان أحد الخصائص التي أُشرت تحليلات الجيل الأولى.

