

THE CHANGING DYNAMICS OF BRITAIN'S PARTICIPATION IN THE EUROPEAN UNION

Farhan Ajaz

Britain initially opposed the integration process in Europe that commenced with the formation of the European Coal and Steel Community in 1951. Instead, until 1960, Britain continued to believe that its economic requirements could achieve fruition through its trade interaction with the US and Commonwealth. However, it was unable to obtain the desired level of economic progress through augmented trade ties with these two. On the other hand, the countries which had joined the European Economic Community began to enjoy unprecedented economic growth and prosperity. This resulted in a rethinking on policy regarding European integration in ruling circles in Britain, and the latter was motivated to apply for membership of the EC in 1960. The UK's application, followed by another one some time later were vetoed by French President Charles de Gaulle. Britain finally succeeded in becoming a member in 1973.

Since its entry into the European Community in 1973, Britain has not displayed much enthusiasm for the deepening of European integration. Instead, its role in the Community mostly remained confined to encouraging measures such as the liberalization of the EU markets and the promotion of barrier free trade, which it perceived as ideal for furthering its own economic goals. When Tony Blair from the Labour Party assumed the prime ministership in May 1997, he showed a lot of enthusiasm about deepening and expansion of the European Community, but his fervour was dampened by a Euro-sceptic British media and public which opposed the idea of deeper European integration. Traditionally, there has been stiff governmental opposition in Britain against the transference of powers from the government to the EU institutions. In other words, the governing elite are against the supranational aspect of the European Union structure. The international financial crisis that began in 2008 has triggered a seemingly chronic economic crisis in the European Union and as a result Britain's opposition to the further transference of powers from the British government to the EU has become more tenacious.

Britain's enthusiastic support for the Single European Act (SEA) in 1986, had been motivated by economic compulsions, but the Thatcher government was opposed to the further non-economic integrative measures prescribed by the SEA. Margaret Thatcher wrote in her autobiography titled, *Margaret Thatcher: The Autobiography*, that Britain's industries in that period suffered from low productivity due to obsolete machinery and production processes, and that the British economy needed modernization to make it efficient and globally competitive.¹

During the initial years of her first term, Prime Minister Thatcher, was convinced that for the European Community to become more powerful in the economic realm, and for the British economy, particularly its private sector to progress, the regulatory barriers within the EC markets had to be removed.²

To promote these objectives, Britain unequivocally endorsed the abolition of technical barriers in the European Community's internal market, including fiscal barriers in the shape of excise duties, turnover tax, and other indirect taxes.³ In this regard, Britain's representative at the European Commission, Lord Cockfield, launched an initiative relating to the SEA in 1985.⁴

As the deregulation of Britain's financial sector had already been underway since the promulgation of the Banking Act of 1979, the financial sector and other sectors of the British economy, fully supported the Thatcher government's initiative to enact measures that would remove barriers on the trade of goods and the operations of the British banking and insurance sectors in the EC markets. The Thatcher government, perceived the proposed re-worded and re-drafted SEA and the Single Market Programme as an opportunity to introduce British

¹ Margaret Thatcher, *Margaret Thatcher-The Autobiography* (London: Harper Collins Publishers Limited, 1995), 207.

² Barry Eichengreen, *The European Economy Since 1945* (Princeton: Princeton University Press, 2008), 339.

³ Joseph E. Kirchner, *Decision making in the European Community* (Manchester: Manchester University Press, 1992), 48.

⁴ Ibid.

style economic liberalization across the European Community. Her government also believed that as the revamped SEA would liberalize the entire EC economy, the possibility of EC pressure upon Britain in future to reverse or downgrade the deregulation of the British financial sector and the liberalization of its economy would be eliminated.⁵

Thatcher's privatization drive that commenced soon after she took office in 1979, made large British enterprises such as the British Airways, British Aerospace, British Petroleum, British Telecom, and British Gas, more profitable. These privatized companies wanted unrestricted business access to the entire EC markets, thereby giving a strong incentive to the Thatcher government to ensure that the SEA was signed despite the unpalatable provisions that could lead to common foreign policy, greater social cohesion measures, and a common currency, as advocated by other member states.⁶

Though the British private sector had expanded and become stronger during the Thatcher era, largely owing to her espousal of the US economic model of private enterprise and deregulation, she remarked after her second electoral victory in 1983, that there was still too much socialism in Britain that should be cast aside for the American-style market economy.⁷ In her autobiography, *Margaret Thatcher- The Autobiography*, she wrote that by June 1984 she ardently advocated the completion of the Single Market Programme and the enlargement of the European Community to allow a larger and more freely accessible market for British businesses. She believed that the achievement of both these goals would be greatly beneficial for the British private sector and the country's economy in general.⁸

However, Thatcher's government realized that the proposed economic liberalization of the EC through the SEA would also mean that the UK would have to concede the adoption of Qualified Majority Voting (QMV) in the Council, and the six founding EC member states' agenda of incorporating social welfare and common foreign policy measures. Since

⁵ Ibid.

⁶ Malcolm Sawyer, *The UK Economy* (Oxford: Oxford University Press, 2005), 179-81.

⁷ Thatcher, *Margaret Thatcher*, 288.

⁸ Ibid, 375-76.

Britain was interested only in drawing economic benefits from the European Community, without dilution of sovereignty, it considered such non-economic measures as being contrary to British interests, for these entailed a dent in governmental authority. However, for the attainment of Britain's economic objectives, its government tolerated such provisions and believed that these could be later removed or modified to suit Britain's interests.⁹

Thatcher pointed out in her autobiography, that Lord Cockfield agreed in the first draft of the SEA, to provisions that were incompatible with British interests, and that these had to be re-worded later. She had persuaded the West German Chancellor Helmut Kohl to agree to a re-wording of portions of the SEA. Thus, Britain's objectives were achieved through the application of "gloss" words that did not make the provisions binding upon the member states.¹⁰

The disintegration of the USSR in December 1991 offered the European Union the opportunity for an unprecedented enlargement of membership, and deepening of integration. Following the collapse of communism in Europe in 1989, France expressed doubts about the need for a continued presence of NATO in Europe in the post-cold war era, and wanted instead to formulate an effective common EU security policy. In this connection, French President Francois Mitterrand spoke with German Chancellor Helmut Kohl who readily agreed as he had similar ideas, and their joint proposal at the European Council in June 1990, to set up an Intergovernmental Committee to discuss the possibility of deeper political and economic integration in the EU, paved the way for the Treaty on the European Union (TEU) agreed at Maastricht in December 1991.¹¹ Helmut Kohl was ardently pro-integration and he also strongly believed that European Monetary Union (EMU) was quintessential for the attainment of his objective of greater European political integration. He had consistently pursued the goal of political integration in the Community since 1985, at a time

⁹ Eichengreen, *European Economy*, 340.

¹⁰ Thatcher, *Margaret Thatcher*, 377.

¹¹ Jeremy Richardson, *European Union* (London: Routledge, 2001), 41.

when Britain was pushing through the SEA due to economic compulsions.¹²

Though Britain played a major role in the negotiations for the TEU, its stance towards the proposed treaty persuaded the member states that Britain was estranged from mainstream Europe. To the Thatcher government, any efforts by the Community to further curtail the authority of national governments, was unacceptable, and therefore, she categorically opposed any measures that could nudge the EC closer towards a federal structure. She also opposed any policy or action that could lead to a centralized European economy controlled and regulated by EC institutions, as this would entail greater powers for EC institutions with a proportional decrease in the powers of the member states' national governments. On the other hand, her enthusiasm for the SEA showed that she only wanted liberal markets in Europe which would allow unrestricted access to the British private sector, without Britain having to accept EC diktat.¹³

Her successor, John Major agreed to the TEU only after the social chapter had been removed from the treaty's main text owing to British insistence, and after it was agreed that Britain could opt out of the final stage of monetary union if so decided by its national parliament.¹⁴ Major wanted to ensure that Britain would not be bound to join the single European currency and was strongly opposed to any moves toward creating a federal structure in the European Community. Guarding Britain's sovereignty was a major concern for Thatcher's successor.¹⁵

During her tenure as prime minister, Mrs. Thatcher strongly opposed Britain's membership of the Exchange Rate Mechanism (ERM), largely due to counsel from her personal advisor on economics, Sir Alan Walters.¹⁶ However, by 1990, since she had become politically weak, John Major

¹² Andre Szasz, *The Road to European Monetary Union* (London: Macmillan Press Limited, 1999), 96.

¹³ Michael Chisholm, *Britain on the Edge of Europe* (London: Biddles Limited, 1995), 6.

¹⁴ Ian Bache and Stephen George, *Politics in the European Union* (Oxford: Oxford University Press, 2006), 168.

¹⁵ Chisholm, *Britain on the Edge*, 6.

¹⁶ Stephen George, *An Awkward Partner* (Oxford: Oxford University Press, 2004), 226.

succeeded in pressuring her to make Britain a part of the ERM in April 1990.¹⁷ Eventually, the heightened economic problems of Britain forced the Major government to unceremoniously withdraw the Pound Sterling from the ERM on September 16, 1992. This further eroded Britain's economic standing in the EC.¹⁸ In an attempt to preserve the international exchange value of the Sterling, the Bank of England, in contravention of the requirements of ERM, was compelled to raise the interest rate by 3 percentage points.¹⁹ This drastic measure to defend the Sterling was forced on the Bank of England by the speculative activities of the Quantum Fund, a privately controlled US based hedge fund that reaped a profit of over \$1 billion in just a few weeks between August and September 1992.²⁰

Thus, it is quite clear that Britain did not quit the ERM voluntarily or owing to a change of policy, but rather due to economic compulsion induced by the speculative activities of a foreign concern.

The British reluctance to support deeper integration corroborates the contention that Britain perceives the EU primarily as an economic alliance meant to serve as a platform and means to attain greater economic benefits for itself. Successive British governments, have therefore, been averse to conceding more powers to the European supranational institutions at the expense of a curtailment of Britain's sovereignty. Consequently, the Maastricht Treaty, signed in March 1992, went through a tortuous ratification process in the House of Commons. There was acrimonious debate that persisted for several months following the signing of the Treaty. Even the ruling Conservative Party's backbenchers, encouraged by Thatcher, who branded the TEU "a treaty too far", were vociferous in opposing its ratification by the British parliament.²¹ Major's authority over his own party greatly weakened after his signing of the TEU, which many of his own party members believed was unacceptable as it transferred more powers from the

¹⁷ Martin Holmes, *European Integration: Scope and Limits* (London: Palgrave Publishers Limited, 2001), 32-33.

¹⁸ Ibid, 36.

¹⁹ Sebastian Mallaby, *More Money than God: Hedge Funds and the Making of a New Elite* (New York: The Penguin Press, 2010), 165-66.

²⁰ Paul Krugman, *The Return of Depression Economics* (New York: W. W. Norton & Co., Inc., 2009), 123.

²¹ John Pinder, *The Building of the EU* (Oxford: Oxford University Press, 1998), 21.

British government to the EU. However, in fact this was not the case, for Britain had not acceded to the Social Charter and the single currency, and foreign and security policy cooperation was not binding upon the member states. Major's government was only able to win an approval by desperately turning this treaty's ratification into a vote of confidence on the prime minister himself. Since the divided Conservative Party members in the House of Commons could not vote out their own party's prime minister by passing a vote of no-confidence against him, parliamentary approval was finally obtained for the TEU in 1993.²²

Prime Minister John Major strongly opposed the application of the Qualified Majority Voting (QMV) procedure in Common Foreign and Security Policy (CFSP) matters because there were apprehensions in the political circles in Britain that the British government could be overruled by a majority of EU member states on important foreign policy issues.²³ Other developments which compelled the John Major government to stiffen its stance towards the EU were that his government was weakened when his party suffered a series of defeats in by-elections, and several of his own party's MPs adopted an increasingly belligerent anti-EU posture during and after the signing of the TEU.²⁴

Subsequently, Britain also raised contentious issues during the negotiations for the Amsterdam treaty. A crisis broke out related to the beef exported by Britain to the other EU member states over the fears that British cattle was infected with Bovine Spongiform Encephalopathy (BSE), thought to cause the incurable and fatal Creutzfeldt-Jakob Disease (CJD) in humans. This led to a ban on the imports of British beef in the EU. Since all British efforts to remove this ban ended in failure, John Major refused to sign any further EU treaty until the ban was lifted. Moreover, in retaliation, he banned a number of items Britain imported from other member states. In the EU's Intergovernmental Conference (IGC) on March 29, 1996, he also laid down two additional conditions to be fulfilled by the EU before Britain

²² Holmes, *European Integration*, 33-34.

²³ Derek Beach, *The Dynamics of European Integration* (New York: Palgrave Macmillan, 2005), 69.

²⁴ Stephen George, *Awkward Partner*, 237.

acquiesced to a new EU treaty. He demanded the reversal of a decision by the ECJ that made it mandatory for all member states to have a 48-hour work week and demanded that in case the decision was not reversed Britain should be exempted from having to enforce this decision, since the latter had chosen to opt-out of the social protocol of the TEU. In addition he also demanded a change in the common fisheries policy to prevent fishing boats from other member states buying quotas from British fishermen.²⁵

However, soon after Labour Party's Tony Blair became Prime Minister in May 1997, following the Conservative Party's defeat in general elections, he categorically stated that he would not block any new EU treaty over any issue. His only condition was that Britain be allowed to retain full control over its own borders. This stance seemed to represent a significant deviation from his predecessors' attitude and policies on European Union related matters. Blair's tactfulness led to the resolution of the afore mentioned issue and the new provisions on Common Foreign and Security Policy and the single currency were made optional for Britain. The acceptance of the EU's Social Charter was the sole substantive concession that Britain made to closer European Union.²⁶

Blair agreed to the Amsterdam treaty, and the subsequent Nice and Lisbon treaties only on the condition that even though the EU member states could theoretically foist their collective decision upon a dissenting member state on a foreign policy matter, the latter was not bound by the decision of the majority, if its government believed that it undermined its national interests.²⁷

Having realized the importance accorded to the preservation of sovereignty by the British electorate and the political circles, Prime Minister Blair soon altered his stance. He stated that the British government must chart a course to remain firmly within the EU while concurrently it must refrain from agreeing to any EU measures that would further curtail British sovereignty, and thereby alarm the country's

²⁵ Bache and George, *Politics in the European Union*, 185.

²⁶ Ibid.

²⁷ Ibid, 185-7.

electorate.²⁸ Thus, it seems that as soon as the euphoria of an election victory had subsided into pragmatism, Tony Blair realized that owing to public and political pressure, Britain could not participate in the deeper integrative course adopted by the EU.

Consequently, the Labour government's pro-EU stance soon petered out, and its focus shifted towards the preservation and enhancement of the single market which was expected to bring economic benefit to the huge Britain-based European financial sector and the smaller advertising and information technology services sectors, rather than contribute to the creation of a stronger EU.²⁹ Thus, the stage was again set for a constricted British participation in the EU. During his second term as Prime Minister, Blair's choice of ministers reflected the limitations imposed upon him by a British electorate, which had strong reservations towards the EU. He replaced Robin Cook with the Eurosceptic Jack Straw as Britain's new Foreign Secretary in June 2001, albeit with the pro-EU Peter Hain as Jack Straw's Minister for Europe. Thus, though Tony Blair was the only British Prime Minister who favoured Britain's whole-hearted participation in the European Union, his aspirations for Britain's leadership of the EU through greater integration with the latter were thwarted by domestic compulsions. Britain's yearning for leadership of the EU therefore, became an unattainable ambition.³⁰

The Nice treaty (concluded in 2000) was endorsed by Britain, as it primarily aimed at making adjustments to the existing EU treaties to accommodate the imminent eastward enlargement of the EU.³¹ Furthermore, this treaty provided a legal basis for Britain's Social

²⁸ Rhianon Vickers, "Labour's Search for a Third Way in Foreign Policy", in Richard Little and Mark Wickham-Jones (eds.), *New Labour's Foreign Policy: A New Moral Crusade?* (Manchester: Manchester University Press, 2000), 43.

²⁹ Bob Jessop, "From Thatcherism to New Labour: Neo-Liberalism, Workfarism, and Labour Market Regulation", available at: <http://www.lancaster.ac.uk/sociology/research/publications/papers/jessop-from-thatcherism-to-new-labour.pdf> (accessed July 2, 2014).

³⁰ Simon Bulmer, "New Labour and the European Union 1997-2007," Berlin: German Institute for International and Security Affairs (5 March 2008), 8-9, at http://www.swpberlin.org/fileadmin/contents/products/arbeitspapiere/bulmer_KS.pdf (accessed July 2, 2014).

³¹ Michelle Cini, *European Union Politics* (Oxford: Oxford University Press, 2007), 40-2.

Protocol and EMU opt out in the Maastricht Treaty, thereby acknowledging and allowing varying degrees of integration and cooperation among member states, without introducing measures for further integration.³²

Upon Britain's insistence, a special concessionary provision was included in the Lisbon Treaty (2007) which disallowed the European Court of Justice to invalidate or override British national laws, administrative procedures and regulations even if these flouted fundamental human rights and freedoms. The British government secured this provision by giving the assurance that it would ensure, on its own, the compatibility of British national laws, regulations and administrative procedures with those of the EU.³³

In recent years, altered economic factors have further undermined the dynamics of the EU's economic quintessence for Britain. The share of Britain's services sector in its economy increased from 15% of the country's GDP in 1992 to 22% in 2008, whilst the GDP share of the manufacturing sector contracted from 21% in 1992 to just 12% in 2008. Out of the total British exports, the share of its services exports increased from 30% in 2000 to 40% in 2010. In 2010, the EU remained Britain's largest trading partner, receiving 53.5% of British merchandise exports, and 39.7% services exports.³⁴ By 2013, British exports to the EU countries totaled £296 billion whereas its exports to the rest of the world had risen to £395 billion.³⁵ In 2015, Britain

³² Giandomenico Majone, *Dilemmas of European Integration* (Oxford: Oxford University Press, 2009), 16-17.

³³ "Treaty of the European Union", on European Union website at <http://eur-lex.europa.eu/en/treaties/dat/12001C/pdf/12001C.EN.pdf>, (accessed on September 10, 2011).

³⁴ Stephan Booth and Christopher Howarth, "Trading Places: Is EU Membership Still the Best Option for UK Trade?" *Open Europe* (12 June, 2012): 9-11. Visit <http://openeurope.org.uk/intelligence/britain-and-the-eu/eu-membership/> (Accessed December 14, 2015).

³⁵ Ian Milne, "UK Export Growth: Over Twice as Fast Outside the EU," *Global Britain Briefing*, No. 100 (November 28, 2014): 2, accessed on December 14, 2015, at <http://www.globalbritain.co.uk/sites/default/files/briefingnotes/Briefing%20note%20100.pdf>.

had a quarterly current account deficit of over £26 billion and a current account surplus of almost £10 billion with the EU countries.³⁶

It is noteworthy that Britain's quantum of exports to the EU has witnessed a decline since 2007. On the other hand, its exports to non-EU countries, particularly the Peoples' Republic of China saw an increase of 226% between the first quarter of 2007 till the last quarter of 2012. During the same period, British exports to South Korea increased by 195% whilst its exports to Asian countries, notably to India, increased by 83%. The rise in British exports to China is mostly propelled by the emergence of a prosperous Chinese middle class that can afford British luxury goods and vehicles. The development of new urban centres, such as those in the Chinese provinces of Shandong and Jiangsu, which are well-connected with the rest of the country through air and rail links, have also contributed to the growth in British exports to China.³⁷ Between 2005 and 2011, the cumulative British trade surplus vis-à-vis the non-EU states was £21 billion whilst the country's trade deficit with the EU stood at £190 billion during the same period. By 2011, the value of Britain's exports to the EU had further decreased to £311 billion whilst the value of its exports to the rest of the world had risen to £388 billion.³⁸ This trend has persisted as illustrated by Britain's trade with the non-EU states that stood at £187.17 billion till May 2015, as compared to its total trade of £105.063 billion with the EU member states during the same period.³⁹

³⁶ "Balance of Payments", Quarter 2 (April to June 2015) *Office of National Statistics*, (September 30, 2015), at <http://www.ons.gov.uk/ons/rel/bop/balance-of-payments/q2-2015/stb-balance-of-payments--quarter-2--apr-to-jun-2015.html#tab-Current-account-with-EU-and-non-EU-countries--Table-C> (accessed December 14, 2015).

³⁷ "Exports to Non-EU Countries Overtake Exports to the EU for the First Time," *Office of National Statistics*, (February 9, 2013). Available from <http://www.ons.gov.uk/ons/rel/elmr/economic-review/december-2012/sty-exports-overtake.html> (accessed on December 17, 2013).

³⁸ Ian Milne, "UK Trade in 2011: Healthy Surplus Outside the EU, Massive Deficit with the EU," *Global Britain Briefing*, Note No. 80 (September 7, 2012): 1-2, accessed on December 12, 2015, at <http://www.globalbritain.co.uk/sites/default/files/briefing-notes/BN80PinkBook12pdf.pdf>.

³⁹ "UK Trade Records Sheet, March 2015," *Office of National Statistics*, (May 8, 2015). Accessed on May 12, 2015, at <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Economy#tab-data-tables>.

The emergence of strong Asian economies with an attendant greater demand for British goods, most notably, from the Peoples' Republic of China, South Korea, and India, was a non-existent factor in Britain's economic equation when it joined the European Community in 1973. This factor had not surfaced even as late as the early 1990s. In 1984, the Chinese Gross National Product, an older measure of the economy, was just \$318 billion; in 1983, the Indian GNP was only \$190 billion; and in 1986 the South Korean GNP was a mere \$90.6 billion.⁴⁰ In 2013, the Gross Domestic Product (a more recent indicator now widely applied to measure the size of a country's economy) of the Peoples' Republic of China, India, and South Korea soared to \$9.240 trillion, \$1.875 trillion, \$1.304 trillion, respectively.⁴¹

Thus, the emergence of large Asian economies during the last decade or so has afforded Britain with economic alternatives to the EU. Through economic and commercial interaction with these economies, Britain can acquire greater economic diversity and larger trading volumes.

In recent years, the scope of Britain's economic relations with the EU has diminished owing to a combination of two factors: economic problems within the EU which have brought uncertainty for Britain's economic prospects in the EU and the emergence of large new markets in Asia which are an alluring alternative for Britain.

During his first term in office, Conservative Prime Minister David Cameron endeavoured to enhance Britain's economic relations with the Peoples' Republic of China by meeting Chinese leaders in Beijing in December 2013. There, he announced his ambition to take Britain's economic relations with China to the next level. He also stated that Chinese investment in Britain would reduce unemployment and bring other benefits to the British economy.⁴² Thus, apparently due to reduced economic benefits from the EU since the international financial crisis began in 2007, Britain has focused its attention on

⁴⁰ Mark Hoffman (ed.), *World Almanac 1988* (New York: Newspaper Enterprise Association Inc., 1987), 664-692.

⁴¹ "Gross Domestic Product Figures of Republic of Korea", *World Bank*, at <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries> (accessed May 12, 2015).

⁴² David Cameron interview, *Sky News TV*, 2 December 2013.

developing and strengthening economic relations with non-EU states, thereby substantiating the contention that its primary motive in entering the EU was myopically focused on economic gain.

However, the enhanced British exports to the Chinese and other Asian markets, cannot be attributed solely to economic problems in the EU. The increase in British exports to Asia reflects a confluence of two factors: economic slowdown in the EU and continuous growth and increasing demand for foreign goods in China, South Korea, India, and other Asian markets.⁴³ Thus, during Prime Minister Cameron's first term in office, diminished economic prospects in the EU and the European penchant for deepening of integration revived demands in Britain that the country withdraw from the Union or at least pare down its participation in the EU.⁴⁴

Prime Minister David Cameron, in response to a query in the House of Commons during the final question/answer session before the summer recess in July 2013, categorically stated that he did not favour Britain's ever joining the Eurozone, but that Britain would try its best to assist its members in sorting out their problems.⁴⁵

In May 2015, David Cameron said he wanted to re-negotiate the terms of Britain's EU membership.⁴⁶ Later that same month he clarified his statement, saying that he wanted Britain to withdraw from the EU's political integration, thereby clearly indicating his opposition to the treaty provisions pertinent to member states' participation in the political process.⁴⁷

⁴³ "Exports to non-EU countries overtake exports to the EU for the first time," at <http://www.ons.gov.uk/ons/rel/elmr/economic-review/december-2012/sty-exports-overtake.html>.

⁴⁴ Rob Williams, "Conservative Ministers Michael Gove and Phillip Hammond Break Ranks to Say they Would Vote for Britain to Exit the EU," *The Independent* (12 May 2013) at <http://www.independent.co.uk/news/uk/politics/conservative-ministers-michael-gove-and-philip-hammond-break-ranks-to-say-they-would-vote-for-britain-to-exit-eu-8612646.html> (accessed on May 13, 2013).

⁴⁵ David Cameron, *Sky News TV*, 17 July 2013.

⁴⁶ David Cameron, *BBC World News*, 23 May 2015.

⁴⁷ David Cameron, *BBC World News*, 28 May 2015.

Such statements reveal that although Britain is opposed to any further European integration, at the same time, it wants its European partners to sort out their chronic economic problems as these would adversely affect Britain's own economic health and its trade with the EU.

Thus economic problems in the EU, coupled with Britain's increased economic exchanges with non-EU states, appear to have further diminished the country's interest in European integration. This seems to be reflected in the curtailment of the scope of Britain's participation in the EU as enshrined in the European Union Act of 2011, passed by both houses of the British parliament. This Act proscribes further transference of sovereignty and authority from the British parliament to any institution of the EU and stipulates that a country-wide referendum be conducted if there is any EU act or treaty provision that transfers power from the British government to the EU. However, this act does not call for a referendum to ascertain whether the British public wants the country to remain a member of the EU or not.⁴⁸

The European Union Act of 2011 is not the first Act of the British parliament prescribing restrictions against the powers of the European Community. Rather, this Act appears to enhance the stipulations of a preceding one. In 1978, the European Parliamentary Elections Act, of the British Parliament, imposed a restriction on the British government's authority to ratify European Community treaties, by stating that no treaty with the European Community could be ratified by the United Kingdom unless first approved by an Act of Parliament.⁴⁹ Thus, Britain has traditionally displayed a reluctance to participate in provisions that would lead to closer European integration.

⁴⁸ "European Union Act 2011", available from http://www.legislation.gov.uk/ukpga/2011/12/pdfs/ukpga_20110012_en.pdf (accessed on June 2, 2013).

⁴⁹ "Parliamentary Scrutiny of Treaties: Up to 2010," (London: House of Commons Library Standard, Note number SN/IA/04693, last updated by Arabella Thorp of International Affairs and Defence Section on September 25, 2009): 12, at, <http://www.parliament.uk/briefing-papers/SN04693/parliamentary-scrutiny-of-treaties-up-to-2010>.

Britain's resolve to re-negotiate its continued membership of a reformed EU, is merely a manifestation of the underlying factors elucidated earlier. Cameron's letter of November 10, 2015, addressed to Donald Tusk, the President of the European Council, initiated Britain's re-negotiation process. It proposed changes in the following four areas, before the prime minister could begin efforts to convince the British electorate to vote for the country's continued membership of the EU in the forthcoming referendum on June 23, 2016:

Economic governance

- Which would mean end to discrimination on the basis of currency. At the same time the grant of full fiscal independence for the non-Euro zone member states.

Competitiveness

- which called for charting out a new trade strategy with non-EU states.

Sovereignty

- Which demanded that Britain's obligation to participate in greater European integration should be terminated; the authority of national parliaments of the member states should be increased; and a *carte blanche* be given to Britain to opt out of any new EU protocol or instrument.

Immigration

- A prerequisite of four years of residence and work in Britain should be set before any EU citizen could qualify for local social benefits. The free movement of workers from any new member state joining the EU in future should be prohibited.⁵⁰

In response, the leaders of other member states signed an accord with David Cameron during the European Council meeting of February 18-19, 2016, in which most of Britain's demands were accepted with the caveat that the agreement would only come into force after the UK had apprised the Council that it intended to retain its membership of

⁵⁰ Eva-Maria Poptcheva and David Eatock, "The UK's New Settlement in the European Union: Renegotiation and Referendum," European Parliamentary Research Service (February 2016).

the EU.⁵¹ However, not all of Cameron's demands were accepted. The other 27 members wanted to avert a British exit from the EU (archly referred to as Brexit), but they managed to persuade the British leadership to withhold the EU migrants' benefits in Britain only for a period of seven years, instead of the thirteen years demanded by the latter.⁵²

To emphasize the Conservative government's aim to retain Britain's EU membership, Prime Minister Cameron, while speaking to the press from the steps of 10 Downing Street on February 20, 2016, stated that Britain would be safer, stronger, and better off in a reformed EU.⁵³

Conclusion

It seems evident from Britain's supportive stance on the Single European Act, and its subsequent reluctance to accede to the Treaty on European Union, that it is averse to relinquishing a significant portion of its sovereignty to the European supranational institutions, and believes that its economic interests in the EU can be promoted without such capitulation. Since the SEA primarily aspired to rejuvenate the stagnant European Community in the economic realm, whereas the TEU aspired to expand the scope of integration to encompass non-economic spheres, the difference in Britain's attitude towards these two treaties clearly delineates the latter's wish to use the European Union as a means to achieve economic progress, rather than as a strategic alliance that could replace the security umbrella provided by NATO, under US leadership. However, owing to the changing economic dynamics triggered by economic setbacks in the EU, coupled with the emergence of large Asian markets during the previous decade, Britain has found for itself an alternative avenue to the European Union, of obtaining economic benefit.

The constricted nature of Britain's role and its participation in the EU was highlighted by the tortuous negotiations for the Maastricht and Amsterdam treaties under Margaret Thatcher and John Major. The

⁵¹ Ibid.

⁵² Mathew d'Ancona, "David Cameron's Dogged Work Won Tussle in Brussels – Now he Faces Fight at Home," *The Guardian*, 19 February 2016.

⁵³ David Cameron, *BBC World News*, 20 February 2016.

path culminating in the Treaty on European Union (in 1992) was onerously laden with Britain's reservations, concerns, and objections. The alleviation of these British concerns proved quite arduous and they revealed the constraints Britain had imposed on itself in its interaction with the EU.

The Treaty of Amsterdam signed in 1997, further exposed the confined scope of Britain's relations with the EU. The Conservative government of John Major was unwilling to put its signature to this treaty unless the difficult British demands were met: the removal of the EU ban on British beef and the non-application of the 48 hour maximum work week in the United Kingdom. It was the timely ascent to power of the Labour government in 1997, headed by the charismatic Tony Blair, who favoured greater European integration, that led Britain to finally agree to sign this treaty.

However, Blair, the only pro-EU prime minister, very soon after assuming the office of prime minister, found that his attempts to bring the country closer to the EU had been thwarted by pressure from the British public, political circles, and media which were stubbornly opposed to ceding part of the state's authority to the EU institutions.

Since the past few years, Britain's already lukewarm participation in the EU has been further curtailed by new factors that had not fully appeared on the horizon when the Amsterdam and Nice treaties were put up for approval. The emergence of large Asian economies, such as that of the Peoples' Republic of China, South Korea, and India, led to a radical transformation of the economic landscape for Britain.

With the emergence of the above-mentioned factor, the EU's economic allure for Britain has waned, for it now has the alternative to benefit from economic interaction with the Asian states. The importance accorded by the British to the emergence of the new Asian markets has become more evident in the past few years, for the country is attaching less and less importance to its EU connection and intermittently there is talk of British exit from the Union.

Alongwith its fierce protectiveness with regard to its political sovereignty, Britain also displays a strong wish to maintain its fiscal and monetary

independence, as reflected in its persistent refusal to join the monetary union. Britain's aversion to adopting the Euro reveals its wish to preserve the Pound Sterling, also a symbol of its former glory as a great power, as a distinct independent currency. In view of the economic turmoil plaguing the Eurozone in recent years, the hopes of a British accession to the monetary union appear entirely unrealistic. The stubborn economic problems that have beleaguered Eurozone countries such as Italy and Spain in the last few years, and the deterioration in Greece's economic situation must have convinced Britain's policy-makers that they were quite right in the first place to have stayed out of the scheme.

With such policies, Britain may be seen as an EU member that displays a very low level of enthusiasm for greater non-economic integration. The British parliament's adoption of the European Union Act 2011, that proscribes further transference of powers from the British government to the EU's supranational institutions, corroborate the contention that economic problems in the EU are catalyzing Britain's inclination to further downgrade the scope of its non-economic interaction with the former. Consequently, it seems highly unlikely that Britain will endorse or participate in future EU treaties containing provisions for greater non-economic integration among member states, and this has become evident by events in early 2016 when Britain renegotiated terms for its continued EU membership, and announced its intention to conduct a referendum on June 23, 2016 in which the British electorate would decide whether or not their country should remain a part of the European Union.