Brexit:
How did the UK get here?

Izabela Daleszak

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The content of this paper covers the period of time preceding the referendum on the UK membership of the European Union. The full work was completed and evaluated on 22 June 2016

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1. Introduction

The trajectory of the integration between Britain and the EU forms a fascinating piece of history. From the end of the Second World War until today, the relations between the two had their difficulties. Seems that whenever a step forward was taken like joining the European Communities in 1973, a step back followed soon and in 1975, the British had their first referendum on withdrawal. This seems to be a recurrent phenomenon in the UK-EU relations. Currently, the British are facing a second referendum on withdrawal, which is to take place on the 23rd of June 2016. All of Europe is following the latest developments in British politics and with bated breath awaits the results, which can have enormous repercussions not only on the UK but on the whole European Union.

This work is a historical account of British integration with Europe, which aims at analysing the period spanning from the end of the Second World War until today and contained in four chapters.

The first chapter covers the years between 1945 and 1973 when the UK joined the EC. During that important time when the current EU was being formed, the UK watched from a distance how Europe was getting closer together. This chapter investigates the causes of the British preference for "ever looser union" and the factors that brought about a change and convinced the British leaders at the time to join the EC.

The second chapter covers the period between 1973 and 2010. This chapter includes analysis of the first referendum on withdrawal, the battle to renegotiate British contributions towards the common European budget tirelessly fought by Margaret Thatcher and the New Labour governments. It also analyses the unfortunate intervention of Jacques Delors, who contributed to a historical switch of the Conservative Party towards Euro-scepticism and the Labour Party towards a more pro-European approach.

Chapter three studies the events that took place during the coalition government of the Conservatives and Liberal-Democrats, which is mainly aimed at curbing the powers of the EU and restoring the importance of the British Parliament through the 2011 European Union Act and promising the referendum, which was used as a political tool to prevent the growing division in the Tory party and secure victory in the coming national elections in the 2015. This chapter also contains details of the UK-EU deal, which for the first time in the history of the EU, intends to reduce one of the four fundamental freedoms of the EU.

Chapter four analyses how, in the context of the referendum, British public opinion is shaped by three main groups- the press, which in majority is hostile to the EU, the Brexit campaign who blames the EU for undermining the British sovereignty and uncontrollable scores of migrants and the Bremain campaign, who point to the economic and security benefits of the EU.

The referendum, commonly known as "Brexit", is a symptom of popular dissatisfaction among millions of Britons with how the EU works and their membership in it. This historical moment, when one member state can influence 27 others with its decision, brings some questions to mind. Why such a significant portion of a population is unhappy with being part of an organization of global renown and influence, which promotes democracy and human rights and which has brought peace to a continent that was home to two bloody World Wars?

In order to help respond this question, this work investigates the EU-UK relations involving an assumption that the British Euro-scepticism has been fuelled overtime by powerful and mainstream political parties with high-profile politicians as well as the press by frequently emphasizing two main topics- loss of sovereignty

(ever-present since the beginning) and uncontrollable and unsustainable levels of migration (present especially after 2004).

When it comes to the bibliography used in order to create this thesis, a variety of sources can be found, which provided a great amount of in-depth information.

The primary sources, which provided first-hand data, include speeches made by Winston Churchill, Margaret Thatcher, Jacques Delors and David Cameron, along with British and European legislation and government publications.

Secondary sources were also of great importance as a majority of them were written by British experts like special advisers on European policy, Ministers for Europe, university professors of politics and ambassadors to the EU. What also can be found among secondary sources are: newspaper articles, opinion polls, statistics, think tank publications and university research.

2. The United Kingdom and Europe 1945-1973

The post-war relations between the UK and the European Union were influenced mainly by the UK's view of itself as an imperial power with global influence, which brought about a high level of unwillingness to compromise its sovereignty and decision-making to a supranational organization that Western Europe was becoming part of. After the initial opposition, the UK was forced to reconsider its stance in the 60's. Some of the factors that led to it were the disintegration of the Empire, the changing character of its links with the Commonwealth states and American support for the integration of its NATO allies, which resulted in two applications and consequently, joining the European Community.

This chapter investigates the British attitude towards integration with Europe spanning from the post-war government of Clement Attlee through turning down the proposals to join the European Coal and Steel Community, disregarding Messina talks, which led to the creation of the European Common Market to finally becoming a member of the European Community in 1973.

2.1. British post-war national interest

The British Empire spanned across the world with colonies on all continents. It established its first dependencies in late 16th century and, with time, managed to become the biggest empire the world has ever known turning into one of those empires on which "the sun never set."

After 1945, the British leaders upheld the view of the country as an imperial power with a major influence in global affairs. The damage of war and the enormous debt that led to the acceptance of American financial help was seen as a temporary hiccup. This outlook in a significant way influenced the foreign policy that was coined at that time and reflected an "illusion of grandeur"[1] as some writers now see it.

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[1]   George, Stephen (1998). *An Awkward Partner. Britain in the European Community*. Oxford University Press, Oxford, p.14.

Directly after the Second World War and into the 1950's, the British national interests consisted of three main spheres of influence- the United States, the Commonwealth and finally, Europe with least importance. This represents one of few moments in the British politics when the Conservative and Labour leaders were in agreement[2].

The United States, as a wartime ally, was very much considered as a partner in setting a new post-war world order, especially given the context of the Soviet Union turning from a friend into an enemy. Having been an experienced player in world affairs, the UK had assumed that the US would need guidance in international relations and that it would be willing to accept it from another English-speaking nation[3]. In reality, the US followed its independent decision-making process, which first resulted in the "Truman doctrine" of March 1947, with which president Truman officially got the US involved in containing communism and set Europe as a priority.

The doctrine was soon followed by the Marshall Plan (July 1947), which offered American economic aid to Europe. The Soviet Union and its satellite states in Europe refused the aid, which confirmed the economic division of the continent[4] between East and West. In order to use the aid constructively, in April 1948, the Organisation for European Economic Cooperation (OEEC) was set up, which will be discussed later on in this chapter.

In April 1949, NATO was created, which confirmed the US commitment to European affairs. The British saw the US as an indispensable element of the European defence against the Soviet Union and, at the same time, the US saw the UK as part of a capitalist Europe and a future member of the European Communities that were being formed. However, for the British, the imperial glory and trust in the special Atlantic relationship made the participation in any European structure seem unnecessary[5].

Close links with the Commonwealth countries added to the British global, rather than European ambitions. As with the US, the British seem to have assumed the ongoing need of the Commonwealth states for "guidance" and leadership and, in return, support and co-operation from them.

During the war, the Commonwealth countries provided military bases and economic aid. After the war, they served as a source of resources- economic, commercial and financial and a secure market for British produce. The transactions in the area were made in pound sterling, which made London a prominent player in the global financial system as about 50% of all international payments were made in sterling[6].

What is more, before 1950 the Labour government of Clement Attlee directed 40% of British exports towards the Commonwealth[7]. This constituted a major part of the British economy at that time and was worth upholding. Any attempts to form links with the future European Community would have been seen as a threat to this global trade network. Furthermore, many Britons had relatives (and still have) in the Commonwealth countries and would not have welcomed any change in the relations with the overseas dominions[8]. The Commonwealth was of the upmost importance to the British.

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[2]   *Ibid*, p.14

[3]   *Ibid*, p.15

[4]   Gowland, David, Turner, Arthur (2000). *Reluctant Europeans. Britain and European Integration, 1945-1998*. Pearson Education Limited, Harlow, p.25.

[5]   George (1998). *Op.cit.*,p.15

[6]   Gowland, Turner (2000). *Op.cit.*,p. 14.

[7]   Morgan, Kenneth (1985). *Labour in Power, 1945-1951*. Oxford University Press, Oxford, p.391.

[8]   George (1989). *Op.cit.*, p.16.

Europe, in the post-war British view, seemed to be of less value than the two above-mentioned regions, which is not surprising given the political context of those years.

Even though it was Winston Churchill who passionately called and set the tone for the European integration, the UK would be standing aside the integration process itself for many years.

In 1946, Churchill famously said in Zurich:

> "We must build a kind of United States of Europe. We must re-create the European Family in a regional structure called the United States of Europe. The first practical step would be to form a Council of Europe. If at first all the States of Europe are not willing or able to join the Union, we must nevertheless proceed to assemble and combine those who will and those who can. The first step in the re-creation of the European Family must be a partnership between France and Germany.[9]"

Churchill is considered one of the most pro-European British politicians. His Europe-driven attitude, which was strongly present especially between 1945 and 1951 when he was the opposition leader, is worth looking at but the ambiguity present in his speeches back then still exists in the British public and political life nowadays.

Churchill's 1946 Zurich speech gave way to his vision of Europe as unified and equal, a solution that would bring happiness back to millions of people. He talked about "a blessed act of oblivion" towards the Germans and re-building the continent. His speeches, however, contain a certain dose of ambiguity as to the role the UK was going to play in the integration of Europe. Infact Churchill is quoted by Euro-sceptics and Europhiles equally. In the same Zurich speech, Churchill said:

> "We British have our own Commonwealth of Nations. Why should there not be a European group, which could give a sense of enlarged patriotism and common citizenship to the distracted peoples of this turbulent and mighty continent? Great Britain, the British Commonwealth of Nations, mighty America and I trust Soviet Russia must be the friends and sponsors of the new Europe."

Belgian politician Paul-Henri Spaak in his *memoirs* commented about Churchill's speech:

> "At the time, he appeared to include Great Britain in Europe, but in fact, this was not the case. The united Europe which Churchill advocated was a continental Europe, of which France and Germany were to be the joint leaders; Great Britain, the Commonwealth, the United States and, if possible, the USSR, were to befriend and support it. Churchill wanted Britain to promote the creation of a united Europe, but he did not want Britain to be part of it.[10]"

In those years in the opposition, one of Churchill's main preoccupations was the European project and as a result of wich in 1947 he established the United Europe Movement, which gave rise to the Council of Europe, the European Convention and the Court of Human Rights. However, there always seemed to be some hesitance and changing positions as to how the UK would participate in what was being created.

Churchill's vision of the UK during those years evolved from being one of the four pillars in the international scene -the UK, the US, USSR and Europe (to which the UK was tightly linked), to being one of three pillars-

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[9]   Churchill, Winston (1946). *Winston Churchill's speech to the academic Youth*. Speech. Zurich [06.03.2016]

[10]   Cited in Macshane, Denis (2015). *Brexit. How Britain Will Leave Europe*. I.B. Tauris, London, p.29.

the US, USSR and the Council of Europe (of which the UK was part). Churchill thought the UK was a part of the European family and even needed to cede some part of national sovereignty, which was not inviolable. This brought a significant turn in regard to the position of the UK[11] and gave hope for a greater British involvement with the rest of Europe when Churchill became Prime Minister again in 1951.

His second term in office was, however, very disappointing not only for those who had stood by Churchill's side and promoted united Europe with him but also for other European leaders. It might have been for Churchill's deteriorating health, advanced age or strong opposition, which seemed to have made Churchill lose his enthusiasm towards a united continent, but perhaps the most convincing argument explaining the change in his attitude was the fact that Churchill's second term coincided with the great leap towards supranationality of Europe introduced with the Schuman Plan, which the imperial and Victorian Churchill was just not able to accept[12]. After coming back to office, Churchill expressed that he:

> "Had never thought Britain should become an integral part of a European federation."

In the conversation with the West German Chancellor, Konrad Adenauer, who visited PM Churchill in London in 1951, he assured that the UK:

> "Would always stand side by side with Europe."

To which Adenauer replied:

> "Mr Prime Minister, you disappoint me. England is part of Europe.[13]"

This ambiguous situation of whether the UK is part of Europe or exists alongside it seems to be very much valid until today.

While Churchill was in the opposition, the Labour government was in charge of the country.

In 1948, the Organisation for European Economic Cooperation (OEEC) was established with the aim to create a joint strategy for utilizing American aid promised in the "Marshall Plan." The French proposed creation of a customs union with the same external tariff, which had been on the agenda of some European states even before the end of the war. Their idea was to create a strong European community that would even out, what they perceived as, the existing imbalance of power between the UK and the rest of Europe (the special UK/US relationship). The British, however, declined the proposition as they thought it would isolate the US and they were convinced that it should be the US the one to that led the capitalist world and, at the same time, to defend Europe against the communist threat[15].

As the strongest member of the group of 18, the British proposed intergovernmental collaboration as the desirable form of partnership instead. They thought the problems of Europe could be solved by creating a free trade area as an alternative to a customs union, and that there was no need for a supranational design.

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[11] Becerril Atienza, Belen (2016). *Estudio Introductorio, Winston S.Churchill, Europa Unida, Diesiocho Discursos y una Carta.* CEU, Instituto Elcano, Ediciones Encuentro, Madrid, p.21-24.

[12] *Ibid.*

[13] Cited in Macshane (2015). *Op.cit.*, p.31.

[14] The most significant outcome was the Benelux customs union.

[15] Barker, Elisabeth (1971). *Britain in a Divided Europe, 1945-70.* Littlehampton Book Services Ltd, Worthing, p.79.

The British preference for intergovernamentalism rather than supranationalism became pronounced.

The US, however, supported the prospect of the UK on united Europe and even suggested that the UK should take the leading role but this idea was rejected due to the British resistance to compromising sovereignty and the strength and weight of the links with the Commonwealth[16].

The British view prevailed and the OEEC became an intergovernmental organization, with decisions taken unanimously. In 1952, the importance of OEEC diminished due to a sudden end of the Marshall Plan and a shift in favour of NATO. In September 1961, OEEC turned into OECD (Organization for Economic Co-operation and Development), which is now a worldwide body composed of 34 countries[17].

The British attitude towards post-war Europe can be summarized with the words of Winston Churchill:

> "We are with Europe, but not of it. We are linked but not compromised. We are interested and associated but not absorbed.[18]"

2.2. European Coal and Steel Community

By 1950's, the existence of OEEC, NATO and the Council of Europe[19] made the UK satisfied with the *status quo* and the direction in which the European integration was going. Jean Monnet's proposal to pull together the French and German coal and steel production under a High Authority and inviting all other European states that wished to participate was met with resistance from the British. The British were not against the creation of ECSC, but rather their membership of it. A few factors played a role in the decision not to be part of the ECSC, which was finally established in April 1951 by the Treaty of Paris and turned into the first supranational organization of the current EU.

Firstly, the Labour Government had only just completed the nationalization of the coal and steel production and was not willing to give up the control of it and risk disagreement with trade unions. Herbert Morrison, Deputy Prime Minister in the government of Clement Attlee, expressed his resistance to transferring the authority over the two industries saying:

> "It's no damn good- the Durham miners won't wear it.[20]"

Secondly, the French Foreign Minister, Robert Schuman announced that the principle of supranationality of the High Authority was not to be negotiated, and the countries that wished to join received a deadline by which their decision was to be made. The British leaders rejected the deadline and the possibility of membership. However, there was a debate going behind the scenes. The economic ministries opposed the possibility of pulling the industries together and labelled it as harmful to the British interest, at the same time, there were voices in the Foreign Office wondering if it was possible for the UK to compromise and join in

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[16]   George (1998). *Op.cit.*, p.19.

[17]   OECD. Organisation for European Economic co-operation. Retrieved from: http://www.oecd.org/general/organisationforeuropeaneconomicco-operation.htm

[18]   Cited in Gowland and Turner (2000). *Op.cit.*, p.19.

[19]   Created in Strasbourg in May 1949. Decisions in the Council of Ministers taken by unanimity, which favoured the British preference for intergovernamentalism rather than supranationalism.

[20]   Cited in Geddes, Andrew (2013). *Britain and the European Union.* Palgrave, Macmillan, New York, London, p.49.

order to stop the emerging European Community from changing the balance of power and becoming a third force between the US and the Soviet Union- there was the ever-present internal debate of whether to be with Europe or alongside it.

Finally, what prevailed was attitude of scepticism about any chance of success of the venture[21]. As one member of the Foreign Office said:

> "We shall have to do what we can to get the French out of the mess into which they have landed themselves.[22]"

Opting out of ECSC meant that the UK did not partake in building the foundations for the EU. The Six that signed the Treaty of Paris in April 1951[23] created rules that suited them and that could not be changed easily. Abstaining from ECSC was only one of the other many similar steps that the UK took, which proved that the UK was "with" but not "of" Europe.

2.3. European Defence Community

ECSC being a success and the invasion of South Korea by the communist North in June 1950, which created fears of East Germany doing the same with its Western neighbour, made the Six consider taking integration into the defence field. The proposal to pool military resources of the Six made by Rene Pleven, the French Prime Minister, arose many questions and fears over Germany rearming itself again, not only in the UK but also in France. The British Conservative leader of the time, Winston Churchill seemed to be in favour, most of his government, however, were not, as a common army would also involve supranational elements and a transfer of sovereignty. The majority of the French Left were also in opposition and the proposal failed to be ratified by the French National Assembly in September 1954, which market the end of EDC.

The Defence Community failed but in August 1954, the Six, the UK and Italy, decided to create West European Union[24] following the proposal of Churchill's Foreign Secretary, Anthony Eden.

WEU, based on intergovernmental cooperation in the military field, with a Consultative Assembly, and closely linked to NATO, served the British well. It also helped overcome the fears of rearming West Germany, which culminated in West Germany joining NATO forces in May 1955. In 1957 however, there was a change in the British foreign policy and the number of the British troops on the continent was to be reduced, which can be considered unfortunate from the perspective of broadening the integration of the allied forces in Europe[25]. This move could be assigned to placing greater importance on nuclear rather than conventional forces and is confirming British global rather than European ambitions. As Eden stated on one of the Cabinet meetings:

> "There was to be no sharing with our European partners atomic and thermo-nuclear secrets.[26]"

[21]   George (1998). *Op.cit.*, p.21-22.

[22]   Cited in Gowland and Turner (2000). *Op.cit.*, p.42.

[23]   France, West Germany, Belgium, the Netherlands, Luxembourg and Italy.

[24]   Geddes (2013). *Op.cit.*, p,50. WEU had its roots in 1948 Brussels Treaty.

[25]   Beloff, Max (2009). *New Dimensions in Foreign Policy. A study in British Administrative Experience 1947-59.* Routledge Revivals, New York, p.38.

[26]   Cited in Gowland and Turner (2000). *Op.cit.,* p.67.

WEU was viewed by the British as the best way of combining its leadership role in the NATO's Western Europe bloc and at the same time maintaining its special relationship with the US. As the author, Stephen George concluded:

"What did come out of the EDC/WEU experience was a reinforcement of the British conviction that the Community method of promoting European collaboration was misconceived and doomed to failure. The lesson that the British policy-makers took from the episode was the wisdom of their own preferred pragmatic approach to European co-operation, which did not involve any abrogation of national sovereignty.[27]"

2.4. Messina, Rome, EFTA

The failure of EDC did not deter the Six from thinking about further integration. Some argue it was that very failure that gave impetus to Messina talks in June 1955[28].

Messina talks centred on the extension of the common coal and steel market to a general common market for goods and the creation of an atomic energy authority. When the committee of ministers led by the Belgian Foreign Minister, Henri Spaak, produced the final report, the British representative at the conference, a civil servant, was instructed to ask for the British stance on the issue to be excluded, which was equivalent to the British withdrawal from the deal. What was a common view among the British leaders of the time was

"That nothing would come out of Messina.[29]"

During the course of the 1950's, the British followed through with their preoccupation with the Empire and the Commonwealth and despite decolonization, the two were still high on the agenda of many Conservative MPs and for a long time remained-

"The main religion of the Tory Party.[30]"

Messina talks led to the Treaty of Rome signed in March 1957 by France, West Germany, Italy, Belgium, the Netherlands and Luxembourg and the creation of European Economic Community (EEC) and European Atomic Energy Community (Euratom). The EEC was a customs union, which ended trade barriers and customs duties among its members, introduced a common external tariff, common agriculture policy (CAP) and promoted a free movement of goods, capital and workers. The EEC was a supranational organization with an independent Commission and had the right to decide on behalf of the member states.

The British could not agree to the supranational elements of the EEC. Instead, in mid-50's, they developed a plan for a free trade zone, which resulted in the creation of the European Free Trade Association (EFTA) in July 1959 wich consisted of Denmark, Norway, Sweden, Portugal, Austria, Switzerland and the UK. This led to the division of Europe into an EEC of 6 States and an EFTA of 7.

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[27]   George (1998). *Op.cit.*, p,26.

[28]   *Ibid*, p.27.

[29]   Macmillan, Harold (1971). *Riding the Storm, 1956-59.* Macmillan, London, p.73.

[30]   Cited in Geddes (2013). *Op.cit.*, p.53.

In the early 60's, the economic growth in the EEC countries far outweighed the one in EFTA and it was clear that the EEC was a success[31]. This made the British re-think its resistance to the supranational Europe; however, if they had been to join the EC, they would not have been the 'imperial kingdom' anymore; they would have become a part of a regional organization with its rules already in place. In the study of the British integration with Europe between 1955 and 1963, Miriam Camps states:

> "The British government had lost the initiative and was reacting to European situations created by others; it was not itself setting the pace.[32]"

2.5. From a double 'non' to a 'happy ending'

At the beginning of the 60's, several factors led to the two unsuccessful attempts made by the UK to join the Community, the first one by PM Harold Macmillan in 1961 and the second by PM Harold Wilson in 1967.

Firstly, from the British perspective, the Suez crisis of 1956[33] made the special relationship with the US seem less strong. There was also growing fear that the increasing economic power of the EEC would lure the US away from the UK. From the US perspective, de Gaulle's ambitions for united Europe were going to take the Community away from American interests and therefore British participation in it was crucial to make sure it did not happen. This is why the American president at the time, John F. Kennedy, openly supported a partnership between the US and the EEC with the UK in it[34].

Secondly, by 1960, British territories had been greatly diminished[35] and the British relations with the Commonwealth were changing. There appeared to be a division between "black" and "white" Commonwealth[36], which led to the departure of South Africa from the group in 1961. As Stephen George cites:

> "The idea that Britain could exercise diplomatic influence out of proportion to its size by its leadership of the Commonwealth received a severe, possibly fatal blow.[37]"

What is more, some Commonwealth countries, like Australia and New Zealand, were turning their attention to American and Japanese markets, which changed internal relations and forced the UK to search for new trading partners.

Finally, the EEC's economy was progressing well, to the British surprise, and its real earnings rose by 75% in the period of 1958-68, compared to the British 38% in the same period[38].

The emerging real possibility of being left out somewhere on the outskirts of Europe, made the Conservative PM Macmillan apply for the membership in the Communities in 1961. His application, however, did not seem

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[31] By 2011, all EFTA states apart from Norway became members of the EU. Norway is associated with the EU through the European Economic Area.

[32] Camps, Miriam (1964). *Britain and the European Community, 1955-1963*. Princeton University Press, Princeton, p.505.

[33] The US had declined to participate in the British military intervention in Egypt in order to remove the Egyptian president Gamal Abdel Nasser after he had nationalized the Suez Canal thus impeding the British and French domination of the region.

[34] Geddes (2013). *Op.cit.*, p.55.

[35] Dates of British dominions becoming independent by the year 1960: Australia 1901, Bhutan 1949, Burma 1948, Canada 1867, Cyprus 1960, Egypt 1922, Ghana 1957, India 1947, Iraq 1932, Ireland 1921, Israel 1948, Jordan 1946, New Zealand 1852, Nigeria 1960, Pakistan 1947, Sri Lanka 1948, South Africa 1910, Sudan 1956, the US 1776.

[36] Geddes (2013). *Op.cit.*, p. 55

[37] Cited in George (1998). *Op.cit.*, p. 32.

[38] Geddes (2013). *Op.cit.*, p.56.

to project genuine wish to become part of the EEC and reflected his Party's strong and ongoing attachment to the Commonwealth. As the *Guardian* commented:

> "All that Macmillan said is correct. But his approach is so half-hearted that it must diminish the chances of success in the negotiations. He has made a depressing start…we must show that we believe in the ambition of a politically united Europe. This is just what Mr Macmillan has not done…[39]"

The negotiations that followed tried to accommodate for the British Commonwealth interests and along with the continued British relationship with the US, made the openly anti-American President de Gaulle veto the application. He justified his decision asking:

> "England in fact is insular, maritime, bound by her trade, her markets, her supplies, to countries that are very diverse and often very far away… How can England, as she lives, as she produces, as she trades, be incorporated in the Common Market?[40]"

In 1964, the Labour Party won the elections. Like with their Conservative predecessors, there was a deep division between those who saw the UK in Europe and those who were strongly attached to the Commonwealth and the US. Harold Wilson, who became PM in 1964, was initially reluctant towards the membership but, the course of time and some "encouragement" from the pro-European elements of his Party convinced him to re-apply for the membership in 1967.

This time around, the negotiations were less focused on safeguarding the Commonwealth interests; however, as the history likes to repeat itself, de Gaulle vetoed the application once again justifying it with his conviction that the UK was still not ready to join.

In 1969, after a failed referendum on constitutional reforms, de Gaulle resigned from office. The new French president, Georges Pompidou, was more "British-friendly" and gave green light to the British membership. The Conservative government of Edward Heath re-applied in June 1970.

In 1970, prior to the enlargement, the EC had established new budgetary rules, which were not going to be favourable to the UK. Having extensive external trading links and a relatively efficient agricultural sector, the UK was going to contribute to pay into the European budget more than it was going to take out, leaving it at a disadvantage. What is more, it had been estimated that the membership would make food prices go up by 15%, which in turn would increase the cost of living by 3% within 6 years[41]. Edward Heath, however, was a Euro-enthusiast and entered into negotiations with a genuine wish to take the UK into Europe. This time around, the French president said:

"Many people believed that Great Britain was not and did not wish to become European, and that Britain wanted to enter the Community only so as to divert it from its objectives[…] Well ladies and gentlemen, you see before you tonight two men [Pompidou and Heath] who are convinced of the contrary.[42]"

The UK joined the European Community on the 1st of January 1973, which meant agreement to the European law already in place and a certain loss of sovereignty, which the UK had been trying very hard to avoid.

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[39] Cited in George (1998). *Op.cit.*, p.33.

[40] Cited in George (1998). *Op.cit.*, p.34

[41] Geddes, *Op.cit.*, p.57.

[42] Cited in Geddes, *Op.cit.*, p.64.

Moreover, the UK became member at a very unfavourable time of global oil crisis, which slowed down the expected economic progress. This led to calls for a withdrawal referendum and deep divisions inside and between parties over the European question.

3. The United Kingdom in Europe 1973-2010

Edward Heath was one of very few British politicians who whole-heartedly supported the European project and was in favour of the intentions of the original Six to turn the EEC into a federation one day. He will be remembered as the leader who took the UK into Europe. Unfortunately, his views were not shared by other politicians and it seems that the Prime Ministers who succeeded him had a diverging idea as well.

This chapter investigates the British membership of the Communities from 1973, the referendum on continued membership, the years of Margaret Thatcher, fluctuating Euro-scepticism of the Labour and the Conservatives to the New Labour governments of Tony Blair and Gordon Brown.

3.1. 1975 Referendum

When the UK entered the Communities in 1973, the world economy was going through a turmoil caused by the 1973 oil crisis. British economy was slowing down, prices went up, and there were energy shortages and strikes. This difficult situation brought an end to the Conservative government of Edward Health, the man who brought the UK into Europe.

In 1974, Labour with Harold Wilson in charge was swept back into power. It is important to emphasize that the same Harold Wilson applied for membership of the Communities only 7 years before. This time around, he was on the offensive with promises of re-negotiating the budget contributions and a referendum, which took place a year later. It was only two years after joining that the British public was already given an opportunity to express its dissatisfaction with membership in Europe, which could not have been blamed for the difficult times that the world was going through. But the weakening economy was not the only reason for growing public unhappiness. Heath had passed regulation which had reduced the powers of trade unions, and his enthusiasm for Europe was taken as an attempt to impose the Conservative dominance and damage to the Left[43].

Wilson promised to tackle the burning issue of the British contribution towards the common European budget and introduced the so-called Corrective Mechanism. The volume of the contributions was set in 1969, even before the final round of talks with the UK. In an official report from the negotiations leading to the British accession, Sir Con O'Neill, a senior official in the negotiating team, wrote:

> "Under the finance regulation, we should have to pay 90 per cent of all our import levies on foodstuffs and animal feed, and 90 per cent of all our customs duties, to the Community budget. As a large food importer…the levies we should pay on agricultural imports would be far higher than those paid by any other member. There was bound to be an equally profound bias against us on the expenditure side. The sum of money we could hope to recover from the Community budget in respect of agriculture was certain to be small, mainly because, since we had no major agricultural exports, we should enjoy no major export restitutions.[44]"

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[43]   Macshane (2015). *Op.cit.*, p.50.

[44]   Cited in Wall, Stephen (2008). *A Stranger in Europe. Britain and the EU from Thatcher to Blair*. Oxford University Press, New York, p.4.

However, Wilson's Corrective Mechanism did not bring substantial changes. The British contributions paid in the 70's and beginning of the 80's were excessive and damaging to the country. There was a huge budgetary imbalance as the UK was the second-largest contributor (after West Germany) and at the same time, the third poorest member of the Community in terms of GDP per capita. The UK was paying in more than it was ever able to get out and it was not until 1984 with Margaret Thatcher in power when the issue was finally resolved.

The 1975 referendum showed deep divisions in the main parties. The cabinet ministers were allowed to vote according to their convictions and the public opinion polls suggested the prevalent vote was likely to be 'no'. The 'yes' campaign; however, gained some powerful support from many Labour members, Edward Heath and some Liberal politicians and the result was that 67% of the population was in favour of staying in the EC[45].

The next PM, Labour James Callaghan (1976-79), did little to overcome the internal split in his party over the European question and even though the British chose to stay inside the Communities, there was an ever-present distrust of the Organisation, which stemmed from two main areas: first of all, the Labour Euro-sceptics were concerned that supranational authority would greatly reduce national sovereignty and their power to rule and, secondly, the EC was perceived as a "capitalist club" that was not concerned about the rights of workers[46].

The Labour was growing more and more anti-European and by 1980, its main motto was an unconditional withdrawal from EC, which led to an internal split with the pro-European Labourists forming the Social Democratic Party (SDP) in 1983 and a loss of many voters and elections until the New Labour with Tony Blair took charge in 1997.

The British Euro-scepticism fluctuated, parties changed sides, divided and new parties appeared. For about three decades it was the Labour party which was leaning towards Europhobia and the Tories were the Europhiles. Over the years and with new leaders things changed and nowadays it is the Labour which is pro-European and the Conservatives who oppose the "ever closer union." This change has something to do with the speech that the President of the Commission Jacques Delors made in 1988, which unleashed Margaret Thatcher's fury and warmed the hearts of the Labourists.

3.2. The Iron Lady era

Margaret Thatcher was PM from 1979 to 1990. When she took power the Conservatives were the Euro-friendly party, which began to change in the second half of the 80's and continues until today.

Her first years in terms of her European policy are famous for the budget rebate, which at that point had been dragging for about a decade and had previously been unsuccessfully tackled by Harold Wilson. After five years of battle she managed to renegotiate the British disproportionate contribution towards the Union's "own resources" and a decision was made at the Fontainebleau summit in June 1984 that the new British net input was to be only one third of what it had been previously[47].

In 1979 and 1983, Thatcher was elected as the pro-European politician and in those years she indeed was so. She called for a push towards a single market where people, goods, capital and services could circulate freely

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[45]   Macshane (2015). *Op.cit.*, p.53.

[46]   Geddes (2013). *Op.cit.*, p.65.

[47]   Wall (2008). *Op.cit.*, p.5.

and the create a common foreign and security policy. Thatcher signed the Single European Act, which brought another wave of transfer of sovereignty to Brussels and where she gave up the British veto right in certain matters as the voting system at the Council of Ministers was changed from unanimity to qualified majority in order to advance the single market. She was also enthusiastic about redistributive measures favourable to poorer European states. She did rebalance the volume of British contributions by 'hand bagging' other European leaders into agreement but the country was indeed paying in excessively.

As it has been mentioned, Thatcher signed the Single European Act (SEA) in 1985 and this is perhaps where her pro-Europe attitude began to weaken and the Europhobe Thatcher came to life fighting the consequences of SEA, which she herself agreed to and signed.

The British government at the time and the rest of the member states seem to have had diverging ideas on the single market programme. For Thatcherites, who might have misinterpreted the true meaning of the SEA, the single market was to be an end in itself, which would liberalize trade and give more freedom to market forces. For the European Commission; however, the single market was only a step towards greater economic and political integration and a European Monetary Union. They saw the need to reduce trade barriers, harmonize varying standards and strengthen EC structures[48]. Thatcherites feared that deeper integration would further diminish the role of the national parliament and impose EU laws and beaurocracy on the economy, which Thatcher had been fighting to liberalize and de-regulate.

On the home front, Thatcher had been vigorously fighting to change the practices of trade unions and reduce the influence of syndicates, which culminated in the legendary coal miners' strike in 1984-85. The strike has been brutally crushed and developed an air of hate between workers and the government. The bitterly disappointed workers were given a breath of fresh air in September 1988, when the President of the European Commission, Jacques Delors went to Bournemouth and gave a speech to the British Trade Union Congress (TUC) explaining the internal market programme.

His speech was interpreted as support for trade unions and helped to move the euro-sceptic Labour away from its traditional hostility towards the European project. He made it clear that Europe took social issues seriously and that the voice of trade unions would be heard in Brussels. One of his many proposals was:

> "The establishment of a platform of guaranteed social rights, containing general principles, such as every worker's right to be covered by a collective agreement, and more specific measures concerning, for example, the status of temporary work.[49]"

Mrs Thatcher did not take his speech with good humour and to her it seemed to be an onslaught on her struggle to diminish the power of British trade unions. By the Left-wing trade unions; however, as Denis Macshane puts it:

> "Jacques Delors was received like a Joan of Arc saving the British worker and trade unions from the crushing tyranny of Mrs Thatcher. They cheered Delors as no visiting speaker had been cheered before.[50]"

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[48]   Geddes (2013). *Op.cit.*, p.70.

[49]   Delors, Jacques (1988). *It's Necessary to Work Together*. Speech. Retrieved from European Union website: http://www.pro-europa.eu/index.php/en/library/the-struggle-for-the-union-of-europe/107-delors,-jacques-it-is-necessary-to-work-together [26.05.2016]

[50]   Macshane (2015). *Op.cit.*, p.68.

This was not the only one of Delors' statements which caused a stir in London. Just a couple of months before the TUC speech, Delors boastfully claimed that in a decade, about 80% of economic, social and fiscal regulation would be made at the European level[51].

Historically, the authority of their parliament is supreme for the British. The House of Commons is the body which makes the final decisions like entering the EC in 1973, ending the political career of Margaret Thatcher in 1990 or participating in the Iraq war in 2003. To say that soon the role of what for generations they had considered as the most respected source of law is going to become mostly irrelevant, must have been taken like an attack on the basic structure of the British democracy.

At that stage, Thatcher's populist side was well visible and she spent the rest of her career in parliament as a Europhobe intensely fighting against the plans for an ever-closer union anticipated in the SEA and Delors became Thatcher's personal enemy attempting to ruin her decade-long battle and undermine the foundations of British democracy.

Thatcher expressed her nationalist-minded views a few days later in Bruges in September 1988. The speech was a call for intergovernmental cooperation and not for a supranational European super-state. Thatcher said:

> "The European Community belongs to all its members. It must reflect the traditions and aspirations of all its members.
>
> And let me be quite clear. Britain does not dream of some cosy, isolated existence on the fringes of the European Community. Our destiny is in Europe, as part of the Community. […]
>
> To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardise the objectives we seek to achieve.
>
> Europe will be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions and identity. It would be folly to try to fit them into some sort of identikit European personality. […]
>
> I am the first to say that on many great issues the countries of Europe should try to speak with a single voice. I want to see us work more closely on the things we can do better together than alone. Europe is stronger when we do so, whether it be in trade, in defence or in our relations with the rest of the world.
>
> But working more closely together does not require power to be centralised in Brussels or decisions to be taken by an appointed bureaucracy. Indeed, 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.
>
> 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.

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[51] *Ibid.*, p.70.

Certainly we want to see Europe more united and with a greater sense of common purpose. But it must be in a way which preserves the different traditions, parliamentary powers and sense of national pride in one's own country; for these have been the source of Europe's vitality through the centuries."

In the same Bruges speech, Thatcher also addressed the issue of belonging to the Schengen zone, which yet again emphasized that her view of Europe was distinctive. Great Britain under the government of the Iron Lady opted-out of many provisions of the agreement, maintaining control over its borders and until today, the UK retains the status of half-in, half-out. In 1988, she said:

"Of course, we want to make it easier for goods to pass through frontiers.

Of course, we must make it easier for people to travel throughout the Community.

But it is a matter of plain common sense that we cannot totally abolish frontier controls if we are also to protect our citizens from crime and stop the movement of drugs, of terrorists and of illegal immigrants.[52]"

The Margaret Thatcher Foundation describes the speech this way:

"The speech began the transition by which the Conservatives ceased to be "the party of Europe" in British politics, moving fitfully, by lurches, lunges and sidesteps, to a position now known as 'Euroscepticism.[53]"

Thatcher's dislike of a united Europe was in full swing and the split in her party was becoming more apparent, which led to some high-profile resignations such as that of the leader of the House of Commons and the ex-Chancellor of the Exchequer and Foreign Secretary Sir Geoffrey Howe. His bitter criticism of Thatcher's policies on Europe as well as the domestic front (Poll Tax) ended up with the Cabinet ministers revolting and challenging her leadership. In her last speech before resigning given in the Commons she expressed what went down in history:

"Yes, the Commission wants to increase its powers. Yes, it is a nonelected body and I do not want the Commission to increase its powers at the expense of the House, so of course we differ. The President of the Commission, Mr. Delors, said at a press conference the other day the he wanted the EP to be the democratic body of the Community, he wanted the Commission to be the Executive and he wanted the Council of Ministers to be the Senate. No! No! No![54]"

Thatcher spent the rest of her life hostile to European integration and the Conservative PMs who came after her shared in lesser or greater degree her suspicion of supranationality.

3.3. 1992 Maastricht Treaty

The next big step towards European integration was the 1992 Maastricht Treaty. At that time, it was the Conservative PM John Major whose role was to negotiate an acceptable deal for the UK. What Major

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[52] Thatcher, Margaret (1988). *The Bruges Speech*. Speech. Retrieved from Margaret Thatcher Foundation website: http://www.margaretthatcher.org/document/107332 [27.05.2016]

[53] Margaret Thatcher Foundation. The Bruges speech, 20 September 1988. Retrieved from: http://www.margaretthatcher.org/archive/Bruges.asp

[54] Thatcher, Margaret (1990). *House of Commons Statement*. Speech. Retrieved from Margaret Thatcher Foundation website: http://www.margaretthatcher.org/document/108234 [27.05.2016]

"inherited" from his predecessor was an increasingly divided Conservative Party, which created serious obstacles to providing strong leadership and made his ambition of placing the UK "at the heart of Europe" problematic.

Maastricht Treaty (TUE) has a fundamental significance in bringing Europe closer together. TEU changed European Communities into European Union and created the EU of three pillars: the European Community pillar which states that the Union is based on the principle of supranationality; the Common Foreign and Security Policy pillar which states that members should coordinate their foreign policy; and the third- Justice and Home Affairs- pillar which calls for cooperation in judicial matters. TEU also launched the process of Economic and Monetary Union (EMU), which involved the creation of the European Central Bank and the introduction of the common currency- the Euro.

Given that TEU confirmed the supranational spirit of the Union and paved the way for more integration, Major was obliged to fight for conditions more in line with the British preferences for individuality and independence of their parliament.

One of Major's negotiation achievements was an opt-out from the Social Chapter, which provided for greater employee rights and which would have restored some of the much-reduced status of the British trade unions. The UK also secured an opt-out from the third and final stage of EMU so it would not be bound to the EU by a common currency, which by the Conservatives and Mrs Thatcher was seen as a:

> "Conveyor belt to federalism and the definitive abandonment of national sovereignty.[55]"

The British also successfully promoted and pushed through with the subsidiarity principle, which sustained the ability of national authorities to take action and authorized the EU authorities to intervene only if an action cannot be sufficiently completed by the national organs.

For the Conservatives it must have been absolutely necessary to obtain these exemptions as it was the way to preserve the sovereignty of their state and not give in to the whirlwind of tighter relations.

The ratification of TEU across the member states was a bumpy road and it was not completed until October 1993 when it finally came into force. The Danes initially rejected the Treaty and needed a second referendum to accept it, and the French referendum approved it only by a marginal difference. In the UK, the House ratified the TEU by a small majority, which prompted the Eurosceptics with Thatcher in the lead to call for a national referendum so that the British people had a chance to let their feelings on the issue known. Even though the version of the Treaty with its opt-outs seemed to be in accordance with the political thought of his predecessor, Thatcher demanded the ratification process to be halted and said she would not have signed such a treaty herself[56]. Major; however, was satisfied with what he had managed to negotiate and defended his efforts to push for the intergovernmental elements included. In a speech in the House of Commons he said:

> "At Maastricht, we developed a new way, and one much more amenable to the instincts of this country: coopera-
> tion by agreement between Governments, but not under the Treaty of Rome. It covers interior and justice matters,

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55   Thatcher, Margaret (1991). *House of Commons Speech.* Speech. Retrieved from Margaret Thatcher Foundation website: http://www.margaretthatcher.org/document/108291 [29.05.2016]

56   Gowland, Turner (2000). *Op.cit.*,p. 281.

foreign affairs and security, and the option is available for it to cover wider matters in future. Some member states- I make no secret of it- had ambitions for that cooperation to go through the traditional route. We resisted that, and in doing so set a pattern for further cooperation.[57]"

What is more, Major was unsure of the possibility of once again opposing the pressure from the French and the German for a closer union in case of another round of negotiations.

The divisions in the Conservative party did not begin to cease and overtime grew even more. The year 1997 saw the end of the rule of the Conservatives for over a decade and the New Labour with Tony Blair and Gordon Brown took over, who by then seem to have adopted a more pro-European character.

3.4. 1997-2010 New Labour governments

When the Labour government of Tony Blair came to power in 1997, there were hopes that the distanced approach towards the EU preferred by the Conservatives would be replaced with a bit warmer and engaging one. But, in fact, the New Labour governments of Blair and Brown sustained the British preference for conditional involvement with the EU based on opt-outs and emphasis on maintaining national sovereignty and the UK, like decades before, decided to stay away from crucial steps forward in the integration like creating the Euro.

Tony Blair is seen as the dominant post-war British PM along with Margaret Thatcher and the most pro-European British leader since Edward Heath who managed to make a British mark in Europe but was unable to make appealing the European project to the British[58].

During the electoral campaign in 1997, Blair expressed his idea about the role of the UK in the EU. He said:

"I want Britain to be one of the leading countries in Europe […]. We want a Europe where national identities are not submerged and where countries cooperate together, not a giant and unmanageable super state run from the centre.[59]"

He made himself even clearer in his article for the Sun:

"Let me make my position on Europe absolutely clear. I will have no truck with a European super state. If there are moves to create that dragon, I will slay it.[60]"

Blair signed the Social Chapter, which had previously been one of the opt-outs, but also continued to keep the UK out of the Schengen zone and showed the ongoing importance of the special relationship with the US at the cost of the European cohesion when he supported George W. Bush in the war in Iraq in 2003. Compared to his predecessors, Blair might seem pro-European but he failed to transplant it onto the New Labour fabric and British public.

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[57]   Cited in Wall (2008). *Op.cit.*,p.147.
[58]   Geddes 92013). *Op.cit.*, p.88.
[59]   Cited in Wall (2008). *Op.cit.*, p.162.
[60]   Cited in Macshane (2015). *Op.cit.*, p.91.

Denis Macshane who was a Labour MP serving in Tony Blair's government as Minister for Europe provides a first-hand source of information about Blair years in his book "Brexit. How Britain will leave Europe", which has been quoted previously in this work.

Macshane says that Blair spoke with enthusiasm and confidence about Europe and he set up a special committee of ministers that would discuss how to best cooperate with Europe, which was later dissolved by the next government. However, his party was full of members who years before campaigned against Europe and within the 13 years of Labour politics, there were ten Ministers for Europe. There was a lack of consistency within the Party and Blair did not pay much attention to making sure that his administration would be consistently and unambiguously pro-European. Macshane says that effectively, the Party did not have a clearly defined European policy and in the end, what was going on behind the scenes and domestically always got in the way[61].

When Tony Blair was in power, he signed two new Treaties: the Amsterdam Treaty in 1997 and the Nice Treaty in 2001.

In Amsterdam, Blair accepted the Social Chapter provisions, but he refused to enforce two significant social policy directives on working time and to put an end to employers' abuse of workers coming from other member states or those provided by work agencies. He also agreed to expand the application of QMV in certain areas excluding tax and social security and to strengthen the role of the European Parliament. However, the UK managed to secure an opt-out from certain policy areas like border controls, immigration and asylum, which were subject to the Community decision-making process[62]. Thus, Blair maintained the British preference of being "interested and associated but not absorbed."

Next big political decision, which was going to define and still today influences the links between the EU and the UK was the question of accepting the single currency. Blair set up the UK in Europe organization, which was meant to get support and prepare the UK for the Euro. Labour promised a referendum on joining the Euro and the issue depended in great measure on Blair's Chancellor of the Exchequer and the future PM-Gordon Brown, who based the decision on his five economic tests, which differed from the criteria developed by the EU on whether a state was ready to join or not.

Denis Macshane writes in his book:

> "The five tests were jotted down on the back on an envelope in a taxi by Brown's chief aide, the Eurosceptic Ed Balls. I gave Ed Balls and David Miliband a lift in my ministerial car once to a British-French forum. Ed Balls joked to us that he could never actually remember what the five economic tests were. So while Britain in Europe, urged on by the Prime Minister, was seeking to make the case for British entry into the Euro, the second most powerful Labour minister was making sure this was unlikely to happen.[63]"

Seems that Brown was successful in undermining Blair's efforts to bring the UK closer to Europe. Having strong opposition, Blair never followed through with the promise of a Euro referendum and the country until today has not entered the Euro zone.

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[61]   *Ibid.* p.84-90.
[62]   Geddes (2013). *Op.cit.*, p.86.
[63]   Macshane (2015). *Op.cit.*,. p.94.

Around the year 2003, the question of the Constitutional Convention arose, which was going to create a first European Constitution if approved by popular referendum in member states.

Blair first refused to ratify a new treaty through a plebiscite method, which raised the opposition voices- UKIP in particular, which by that stage had been growing in power and gaining support domestically as well as in the European Parliament and who until today passionately promote the need of the UK to leave the EU.

Blair finally gave in and announced a referendum, which; however, never happened as the Constitution had been rejected beforehand by the French and the Dutch.

As Macshane describes in his book, it was becoming increasingly difficult for Blair to present Europe in a positive light to the British. Even though the UK was not a member of the common currency club, the British economy was out-performing the European one and Europe lost its appeal as the source of growth and progress. Between 1998 and 2002, the British growth was on average about 3.25% while it was about 2.62% in France, 1.68% in Germany and 1.8% in Italy[64].

In 2004, 10 new Central and Eastern-European countries joined the EU and Blair gave them access to the British labour market without a transition period, which caused an influx of migrants, which the Britons did not expect. Migration Watch UK states that in 2004, the population in the UK was 167,000 and it increased by around 100,000 per year until 2013[65].

Since that moment, immigration from the member states and its supposed negative influence on the British labour market and welfare system fuelled the political debate in the UK and is one of the reasons why the British are now facing a referendum on permanence in the EU. Immigration from Europe has been hotly debated ever since and opinions vary from those who say that immigrants contribute to the system with their taxes and do jobs that the locals wouldn't want to do helping the economy grow to those who claim that immigrants steal jobs (which were available in the first place) and are a burden as benefit-claimants.

Blair was replaced by Gordon Brown as PM in 2007 an by then:

> "Bit by bit Britain's ruling Labour Party adopted the policy of the three wise monkeys and saw, said and heard as little about Europe as possible.[66]"

One of Brown's duties was to sign the Lisbon Treaty in December 2007 at an official ceremony to which he did not go and sent his Foreign Secretary instead. From an outsider's point of view, this looks like lack of respect towards an organization that the UK is part of and which should be acknowledged.

The entry into force of the Lisbon Treaty amended the previous Treaties and it did not breach any of the British "red lines" like border controls. It was; however, a next step towards greater integration and the UK tried to challenge some of it effects. According to TFEU, the Charter of Fundamental Rights became part of European legal system. The UK (along with the Czech Republic and Poland) secured an opt-out, which means that citizens of those countries could not apply the Charter in rights cases before domestic courts. TFEU also

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[64]   *Ibid.* p.93.

[65]   Migration Watch UK (2015). The Development of European Union Migration. Retrieved from: http://www.migrationwatchuk.org/key-topics/european-union

[66]   Macshane (2015). *Op.cit.,* p.104.

extended the powers of the European Court of Justice (CJEU) over migration and asylum, from which the UK also secured an opt-out and thus, is not subject to CJEU's jurisdiction. Also, TFEU strengthened the role of the European Council as it became an official institution of the EU with a President, created the position of a High Representative for Foreign Affairs and Security Policy to coordinate the European foreign policy and the European Central Bank also became an official organ of the EU[67].

As Lisbon Treaty was "inside the British red lines", Gordon Brown did not call for a referendum to ratify it. The leader of the opposition, David Cameron, used that in his electoral campaign in 2010 and promised a plebiscite on TFEU as well as expressing very critical opinions on Labour's policy on immigration. The Treaty had been ratified by all 27 members before Cameron took power in 2010, which will be the focus of the next chapter.

4. The Government of David Cameron

Since Thatcher's transformation into a Europhobe in mid-80's, the Conservatives have been influenced by her legacy and Euro-scepticism. She was revered by many Conservatives as the last great British prime minister and her anti-EU beliefs are still nowadays profoundly ingrained in the party's spirit[68].

This chapter is going to look at the most important decisions that David Cameron made in relation to Europe, first as the head of a coalition government with the Liberal-Democrats and then since 2015 as the leader of the majoritarian Conservative government.

4.1. 2011 European Union Act

When it comes to the European policies of the coalition governments of the Conservatives and Liberal-Democrats, defensive attitude can be seen. A big part of it looks to strengthen the coalition government to protect the UK from further ceding of power in favour of the EU and the European Union Act, which became law in July 2011, reflects exactly that.

The main idea of this national legislation was to introduce the mechanism of a referendum (the so-called referendum lock) on any future EU treaties' amendments and in this way reinforcing the UK procedures on ratifying EU decisions or Treaty changes. Some key characteristics of the Act are:

- The Act provides for a referendum across the UK if there is to be any further treaty or a Treaty change, which would result in a transfer of powers towards the EU

- The Act ensures that an Act of Parliament would be required before a 'passerelle' clause can be used in the EU. Once agreed, these 'passerelle' clauses can change the voting method from unanimity to QMV even in such sensitive areas as immigration and asylum, which for the UK is of utmost importance.

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[67] European Commission (2009). *Explaining the Treaty of Lisbon*. Retrieved from European Commission website: http://europa.eu/rapid/press-release_MEMO-09-531_en.htm?locale=en [31.05.2016]

[68] Macshane (2015). *Op.cit.*, p.77.

- Article 18 of the Act states that the EU law has effect in the UK by virtue of the European Communities Act of 1972, which upholds the sovereignty of the Parliament[69].

The Act could be seen as controversial as it can potentially be disruptive to the EU when it comes to creating new treaties or amending the existing ones. The referendum lock is a stricter control measure than other any coming from member state, which strengthens the image of the UK as a hard-line Eurosceptics. This mechanism could obstruct the functioning of the EU if the British Parliament failed to convince the public in a required referendum or refused to agree to changes without even calling for a referendum[70]. The Act has not yet been invoked and can be dropped by future Governments.

4.2. 2012 Fiscal Compact

In the context of the global financial crisis, which hit Europe badly, there was a need for tougher regulation of the banking and finance sectors across member states. The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (or the Fiscal Compact) came to life and introduced austerity measures to reduce government spending and control public debt as a preventative measure of possible future crises. The treaty was significant in order to salvage the Euro badly affected by the financial turmoil and introduced punitive measures and procedures if a member state crosses the allowed limits of a structural deficit.

David Cameron went to the Treaty summit determined to secure a series of "British safeguards" in order to protect the strong British financial sector of the City of London from, what he perceived, intrusive and controlling impact of European institutions, which the rest of the member states were unwilling to concede. Cameron said about the meeting:

> "I said that if I couldn't get adequate safeguards for Britain in a new European treaty then I wouldn't agree to it. What is on offer isn't in Britain's interests so I didn't agree to it.[71]"

Cameron used the veto right but the fiscal compact went ahead anyway as an intergovernmental agreement between the Euro-zone countries and those non-Euro one who wanted to sign-up. The Treaty was signed by all EU members except from the UK and the Czechs, who expressed their possible signing at a later date.

> "In effect, the British government was the only EU member state that set its face against the fiscal compact and the attempt to develop fiscal and budget rules that some had seen as the main weakness of the EMU as developed post-Maastricht.[72]"

The agreement created a new way of governing the Euro-zone and more harmonized budgetary systems. The UK has been isolated, which will have an impact on its ability to influence any decisions about the Euro-zone but by which it will still be affected. When it comes to the speed of the European integration, with this veto the British put themselves in the slower lane.

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[69] British Parliament (2011). *European Union Act 2011.* Retrieved from British Parliament website: http://services.parliament.uk/bills/2010-11/europeanunion.html [01.06.2016]

[70] Gordon, Mike (2012). The European Union Act 2011. UK Constitutional Law Association. Retrieved from: https://ukconstitutionallaw.org/2012/01/12/mike-gordon-the-european-union-act-2011/ [01.06.2016]

[71] Traynor. I, Watt.N, Gow. D, Wintour. P (2011, December 9). David Cameron blocks EU Treaty with veto, casting Britain adrift in Europe. *The Guardian.* Retrieved from: http://www.theguardian.com

[72] Geddes (2013). *Op.cit.,* p.110.

4.3. The Juncker problem

In March 2014 in Dublin, there was a meeting of the European People's Party (EPP), which brought together over 2,200 delegates from 39 countries, party leaders, ministers and heads of state including Germany, Spain, Poland, Sweden, the Netherlands and many more. At this meeting, Jean-Claude Juncker was nominated to become President of the European Commission. David Cameron was not present at the meeting as the British Conservatives were never a member of the EPP. Tories were part of the European Democrats (ED) linked to EPP in so-called EPP-ED, which they had left because they did not agree with the EPP's ambition for tighter integration. David Cameron, therefore, did not have voting rights over Juncker's appointment[73]. The candidature was widely accepted across Europe but the British PM became determined to block it even though the odds were against him. David Cameron said:

> "It is the wrong person. Jean-Claude Juncker has been at the heart of the project to increase the power of Brussels and reduce the power of nation states for his entire working life. He is not the right person to take this organisation forward. So, I am very clear about the right thing to do. You stick to your convictions even if the odds are heavily stacked against you rather than go along with something that you believe is profoundly wrong. Today is one of those days.[74]"

Martin Schulz, the German social democrat and speaker of the European parliament commented on it:

> "Let's be honest, [Cameron's] is not a normal political attitude. It's up to him whether he wants to marginalise himself.[75]"

26 out of the 28 heads of government voted for Juncker Hungary's Prime Minister Victor Orban and David Cameron, highlighted the character of the Euro-sceptic Britons as "an awkward partner." The first meeting of Cameron with President Juncker was rather uncomfortable with an awkward hand shake and a photo with Juncker not even looking into the camera[76]. The meeting provided loads of feed for the press and online mockery.

4.4. Referendum promise and the UK-EU deal

Calls for an in-out referendum have been brewing inside the divided Conservative party since 2010. The EU was going through a deep economic and financial crisis, Ireland's banking system collapsed, Spain and Greece were also facing serious difficulties. This was incessantly being aired on British TV. There were many voices in the Tory party calling for a decisive move away from the troubled European structure. However, it was not until January 2013 that PM Cameron publicly informed that if he was re-elected in the next national elections in 2015, there would be an in-out referendum on continued membership in a reformed EU and an attempt to curb migration, which he did hoping that it would calm down the anti-European voices in his party.

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[73] Open Europe (2014). Would Cameron have been able to block Juncker if the Tories were members of the EPP? Retrieved from: http://openeuropeblog.blogspot.com.es/2014/07/would-cameron-have-been-able-to-block.html

[74] Cameron, David (2014, June 27). Juncker is wrong person for European Commission job, says David Cameron. *The Guardian*. Retrieved from: http://www.theguardian.com

[75] Schulz, Martin (2014, June 27). Juncker is wrong person for European Commission job, says David Cameron. *The Guardian*. Retrieved from: http://www.theguardian.com

[76] Chorley, Matt (2015, July 17). Well that went well! Cameron's awkward encounter with EU boss Juncker ends with bizarre high-five. *The Daily Mail*. Retrieved from: http://www.dailymail.co.uk

There was another reason behind calling the referendum. Many Conservative MP's were changing their ranks and joining Nigel Farage's UK Independent Party (UKIP), which was successfully spreading their nationalistic, homophobic and Europhobic ideas[77]. Since 2010, UKIP has been growing in power, which the Euro-sceptic Conservatives attributed to the lack of strong policies on immigration and Europe. That is why:

> "The promise of an in-out referendum seemed the obvious panacea. Not only would it help the Conservatives ward off the undoubted UKIP threat in European election, but the more considerable risk of vital votes […] draining away in general election.[78]"

The 2015 general elections resulted in a majority win for the Conservatives with 331 seats. Labour came second with 232 and even though UKIP won 12.6% of the national vote, it only translated into 1 seat in the Parliament[79]. David Cameron was now in his quest on delivering what he had promised- reforming the EU. Round of talks and tough negotiations took place, which culminated in the UK-EU deal in February 2016.

Since his famous Bloomberg speech in January 2013, David Cameron has had three main objections towards the EU and the place of the UK in it. When the formal renegotiation of the UK's membership of the EU started in November 2015, the PM made another famous speech at Chatham House - "The Future of Britain's Relationship with the EU", where one more significant issue was added, therefore there were four main areas, four main challenges, put on the negotiation table:

- Economic governance and the Eurozone- the need to protect the single market for the UK and other countries that do not belong to the Eurozone by introducing a set of principles that would guarantee fairness between the Euro and non-Euro member states. Here Cameron was asking for safeguards that the non-Euro states will be able to decide on the single market and insurance that those countries will not face discrimination or additional cost for being outside the Euro club. The PM said that the EU needed to be flexible to accommodate both, the euro and the non-Euro countries, those who seek tighter economic and political integration and those like the UK that will never share that goal. He suggested certain principles, which would be enforced: recognition that the EU is a Union which includes more than one currency; that there cannot be any discrimination or disadvantage for businesses that operate in a currency other than the Euro; flexibility in adapting to changes in order to protect the single market like joining the banking union on voluntary basis and not compulsory; safeguards that the taxpayers in non-Euro states will not be burdened with the costs of supporting the Euro.

- Competitiveness- in this area, the PM wants to see the EU becoming more competitive globally by creating a capital markets union and a common digital market, which will create new opportunities. He pointed out the positive changes that had already been introduced like the 80% cut on legislative proposals or on roaming charges across Europe and new trade deals with the US, China, Japan and the ASEAN. However, the PM said more regulation needed to be repealed and its excessive burden on businesses needed to be significantly cut.

- Sovereignty and subsidiarity- with the 2011 European Union Act, the UK stopped any further transfers of power from the UK to the EU without an explicit agreement of the British people through a referendum but what Cameron wants to see guaranteed is the total exemption from the need of "ever closer union" as the British do not believe in it and have a different idea of what Europe should be. He said:

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[77]   Macshane (2015). *Op.cit.*, p.119

[78]   Liddle, Roger (2016). *The risk of Brexit. The politics of a referendum*. Rowman&Littlefield, London, p.11-12.

[79]   BBC (2015). Election 2015. Results. Retrieved from: http://www.bbc.com/news/election/2015/results [02.06.2016]

"I am asking European leaders for a clear, legally binding and irreversible agreement to end Britain's obligation to work towards an ever closer union. That will mean that Britain can never be entangled in a political union against our will or be drawn into any kind of United States of Europe."

David Cameron also demanded that national parliaments have greater influence over EU law-making as it is the national parliaments that are the real guardians of democratic legitimacy and accountability. In this context he suggested creating forums where national parliaments could get together and repeal European laws which do not serve their national interests.

On the issue of subsidiarity, the PM said that he believed that if powers did not need to be concentrated in the EU, they should be returned to Westminster when possible and he needed to see commitment on the part of the EU towards fully implementing it. He also wanted the EU to fully respect the British opt-out from any EU justice and home affairs legislation, the introduction of a new British Bill of Rights replacing the Labour-party approved Human Rights Act from 1998 and the renegotiation of the relationship between British courts and the ECJ so that the proper role of UK courts is restored.

-   Free movement of persons- David Cameron said that the pressures caused by free movement on schools, hospitals and public services was too high and had to be reduced. The population of the UK is growing and is due to reach 70 million in the next decades and the current net migration at over 300,000 per year is unsustainable. The British government has already taken many steps to limit the migration from outside the EU but the problem still exists caused by the principle of free movement of workers and families within the EU. In order to tackle the problem, the PM suggested some solutions, e.g.: ensuring that new EU countries will not have access to free movement until their economies have achieved a level similar to those of the current EU members; creating a strict system dealing with abuse of free movement like re-entry bans on fraudsters and people in sham marriages, deporting criminals and stopping them from coming back; reducing the appeal of the British welfare system by banning EU migrants from claiming Universal credit while looking for work, the possibility of being asked to leave if a person has been unsuccessfully looking for work for six months, banning access on work benefits or social housing for four years and a total end of sending child benefit abroad.

After presenting all the wishes, which aim at re-modelling the EU in a way that would be more suitable to the British needs, Cameron said:

"I have every confidence that we will achieve an agreement that works for Britain and works for our European partners. And if and when we do so, […] I will campaign to keep Britain inside a reformed European Union, I'll campaign for it with all my heart and all my soul, because that will be unambiguously in our national interest. But if we can't reach such an agreement, and if Britain's concerns were to be met with a deaf ear, which I do not believe will happen then we will have to think again about whether this European Union is right for us. As I have said before, I rule nothing out.[80]"

After rounds of negotiations to give the UK the special status it was seeking, an agreement was reached at the European Council Summit in February 2016. The provisions of the UK-EU deal as stated in the European Council document are:

-   Economic governance and the Eurozone- the leaders have agreed on a set of principles that the states

[80]   Cameron, David (2015). *The Future of Britain's Relationship with Europe.* Speech. Retrieved from Chat Chatham House website: https://www.chathamhouse.org/sites/files/chathamhouse/events/special/20151110DavidCameron%20%28NEW%29.pdf [03.06.2016]

outside the Euro-zone will not be discriminated against, that they will not have to take part in Euro-zone bailouts, can maintain their own financial supervision and specific provisions were made to differentiate between the members of the banking union and those outside of banking regulations.

- Competitiveness and subsidiarity- the leaders declared they will continue to advance the integration of the single market especially in the fields of services, digital, energy and free trade agreements. They have committed themselves to reducing burden on key sectors and generally improving regulation. The European Commission declared it would examine the principle of subsidiarity to make sure that the current legislation is in proportion and at the correct level in respect to national levels.

- Sovereignty- it has been decided that the UK is no longer committed to political integration with the EU and the opt-out in the area of justice and home affairs will be respected, which upheld the British semi-detached status within the Union. In this area, the leaders also agreed on a rule, which allows national parliaments to object to draft legislation within twelve weeks if 55% of the EU's national parliaments decide the legislation should be reviewed and if the concerns of the parliaments are not met, the legislation will be dropped.

- Free movement- the package agreed introduces the so-called 'emergency brake' which would provide the UK with power to restrict the EU migrants from full access to in-work benefits for four years (the restrictions would be gradually eased) and the UK would be able to do so for an initial seven years as it did not introduce the transition period to workers back in 2004. The UK would be able to re-apply this measure but it will depend on the approval from the EU Commission and other governments. If the citizens of the UK decide to stay in the EU, the proposal for the emergency brake will be put in front of the European Parliament for its approval. When it comes to child benefit changes, which will apply equally to all member states, the money sent abroad will be calculated based on the standards of living in the country where the child resides and not in the UK as it happened until now. This regulation will apply to newcomers right away and those EU citizens already in the UK from January 2020. This as well will need to be approved by the European Parliament. According to the deal, those out of work will not have access to Universal Credit and can be deported if they haven't found work within six months or are not self-sufficient and new countries will not have automatic access to the free movement principle[81].

The package on immigration is the most controversial out of the four areas as what has been agreed rolls back one of the four fundamental freedoms- the freedom of movement for the first time in the history of the EU. If approved by the European Parliament, the deal will allow the British system to discriminate against EU migrants with the aim of discouraging them from coming to the UK and the EU nationals will have to contribute to the system for four years before then can benefit from it.

After the summit, David Cameron said:

> "This deal has delivered on the commitments I made at the beginning of this renegotiation process. Britain will be permanently out of ever closer union- never part of a European superstate. There will be tough new restrictions on access to our welfare system- no more something for nothing. Britain will never join the Euro. [...] I believe it is enough for me to recommend that the United Kingdom remain in the European Union-having the best of both worlds. We will be in parts of Europe that work for us [...] and we will be out of the parts of Europe that don't work for us. Out of the open borders. Out of the bailouts. Out of the euro. And out of all the schemes in which Britain wants no part.[82]"

[81]   European Council (2016). *European Council Meeting (18 and 19 February 2016) Conclusions*. Brussels. [03.06.2016]
[82]   Cameron, David (2016). *PM statement following European Council meeting: 19 February 2016*. Speech. Retrieved from British Government website: https://www.gov.uk/government/speeches/pms-statement-following-european-council-meeting-19-february-2016 [03.06.2016]

Free movement has been a hot topic in the UK for over a decade now. In 2004, eight new countries joined the EU. Many member states applied seven-year transitional periods before opening their job markets to the new EU citizens. The UK gave such access immediately, which caused a wave of immigration that the British did not expect. Since then, Free movement from within the EU and its alleged negative impact on the British labour market and welfare system have been a first-page issue in the UK. It was mainly because of the new arrivals from Eastern and Central Europe that caused the controversy but it is important to have a look at the number of citizens from other EU states. According to Migration Watch UK, during the year ending in December 2015, the net migration figures to the UK was at about 333,000 which included 188,000 from outside the EU and 184,000 from the EU: 79,000 from EU14 (Western Europe), 47,000 from EU8 (Eastern and Central Europe) and 58,000 from EU2 (Bulgaria and Romania)[83].

These numbers show that the UK is one of the countries that receive the highest numbers if migrants from the EU. This has partly caused that the perception of an average Brit is such a way that they think there is more immigration than there really is. According to a survey conducted by Ipsos Mori, the majority of British people think that 24% of the population are immigrants, while in reality only 13% is so. It is true that numbers are high, but in general, the impact of immigration has had a positive effect on British economy and the levels of unemployment are at about 5%, one of the lowest in Europe[84].

According to a study by University College London, EU migrants have contributed to the economy with their taxes more than they have been able to take out in benefits. More than 60% of the migrants from Western and Southern Europe and more than 25% of those from Eastern and Central Europe have university degrees, compared to 24% of Britons. The UK would have to spend huge amounts of money to create a similar level of human capital. The EU migrants not only have better professional training but are also 43% less likely to be dependent on the welfare system[85].

In spite of the advantages of immigration, David Cameron said that:

"Free movement within Europe needs to be less free.[86]"

Free movement of people was one of the four points of the renegotiation agenda. David Cameron has achieved almost everything he hoped for. Immigration has been beneficial to the UK but in the words of Mark Boleat, Chairman of the Policy and Resources Committee in the City of London:

"The problem that the British have is that they love immigrants but they hate immigration.[87]"

5. Shaping public opinion

Main political parties, influential individuals and newspapers tend to have great impact over the attitudes of general public towards a certain issue. In case of the UK and the referendum, public opinion is being shaped in order to decide whether the UK will continue its membership in the European Union or not.

[83]   Migration Watch UK (2015). Net migration statistics. Retrieved from: http://www.migrationwatchuk.org/statistics-net-migration-statistics/#create-graph

[84]   Ipsos Mori (2014). Perceptions are not reality: Things the world gets wrong. Working paper.

[85]   University College London (2014). Positive economic impact of UK immigration from the European Union: new evidence. Retrieved from: https://www.ucl.ac.uk/news/news-articles/1114/051114-economic-impact-EU-immigration

[86]   Cameron, David (2013, November 26). Free movement within Europe needs to be less free. *Financial Times*. Retrieved from: http://www.ft.com

[87]   Boleat, Mark (2015, April 30). Quien va a cuidar del paciente inglés? *El Pais*. Retrieved from: http://elpais.com

The following chapter will look into how different factors shape public opinion towards Europe- the press, the Bremain camp and the Brexit camp and some possible consequences of the departure for the UK and Europe.

5.1. The press

At the time of the 1975 referendum, the British media (the press mostly) was in support of continued permanence in the Communities. It was probably the only time that the British press gave so much support towards united Europe. Since mid-80's, British press in particular has gradually become more reluctant to further European integration eventually calling for the UK to leave the EU.

In the current context of the referendum, the biggest streams in the British press have been divided into two campaigns: Leave and Remain and try to influence public opinion accordingly. Those newspapers that publish anti-Europe articles and promote Leave arguments include: the Daily Mail, the Sun, the Daily Express and the Daily Telegraph. Those with pro-European and Remain content include: the Times, the Financial Times, the Guardian, the Independent, the Daily Record and the Daily Mirror.

According to figures released by the National Readership Service in February 2015, the most read British newspaper was the Daily Mail with net readership (print, computer, mobile) of 23.5m followed by the Daily Mirror at 17.5m, the Daily Telegraph- 16.4m, The Guardian- 16.3m, the Sun- 13.6m, the Independent- 10.4m, the Daily Express- 6.8m, the Times- 4.9m and the Daily Record at 3.0m[88]. The data suggestd that pro-Brexit dailies have a greater readership than the pro-Bremain ones.

A recent study conducted by Reuters Institute for the Study of Journalism has examined the EU referendum coverage in the British press and has found out that the reporting is heavily biased towards Brexit. 928 articles have been analysed out of which 47% were in favour of leaving and only 27% in favour of remaining. 19% contained mixed or undecided articles and 9% adopted neither leave nor stay position.

The newspaper that published the most pro-leave articles were the Daily Express, the Sun and the Daily Telegraph while those with pro-remain ones were the Daily Mirror, the Guardian and the Financial Times. However, all newspapers have published some articles that expressed the opposite point of view. The newspaper which published the most balanced content with a slight pro-leave preference is the Times. The study also found that on an average day, there were 42 articles concentrating on the referendum, which mostly came from the Daily Mail, the Daily Telegraph (both Eurosceptic) and the Times. Also, the most quoted politicians were from the Conservative party (69%) and then Labour (14%)[89], which adds to the exposure of the British public to Euro-hostile content.

British public opinion is greatly influenced by Euro-hostile voices, like Lord Rothermere's- the owner of the Daily Mail or the Australian media tycoon- Rupert Murdoch's (the owner of the Sun and the Times), who do not live in the UK and do not pay taxes there yet have power over their readers' way of thinking.

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[88] National Readership Service (2016, February 26). NRS: Daily Mail most popular UK newspaper in print and online with 23m readers a month. *Press Gazette*. Retrieved from: http://www.pressgazette.co.uk

[89] Reuters Institute for the Study of Journalism (2016). Study shows that majority of press coverage in EU referendum campaign was heavily skewed in favour of Brexit in first two months of campaign. Working paper.

Rupert Murdoch has been playing a very active role in shaping public opinion and often trying to impact the position of politicians on Europe. During the premiership of Tony Blair, which Murdoch was supporting, Blair was constrained in his pro-Europe attitude and had to take into account the enormous destructive forces of the press which would have been unleashed against him if he had done something that would have not pleased the Euro-phobic Murdoch. Denis Macshane cites in his book:

> "The key device by which Murdoch blocked any British move into Europe was his insistence on a commitment from Blair that he would call a referendum before joining European Monetary Union. This would mean fighting out the issue in a public campaign in which Murdoch's popular newspapers would be at their loudest and most influential.[90]"

Some of the anti-Europe headlines from British newspapers include headlines like:

- Revealed: Queen backs Brexit as alleged EU bust-up with ex-Deputy PM emerges. (*the Sun*, 8 March 2016)

- Revealed: How children are 'brainwashed with European propaganda' handed out by EU staff at education fairs. (*the Daily Mail*, 18 January 2012)

- Britain's trade to EU slumps: Major boost for the 'Leave' campaign as our exports outside Europe continue to soar. (*the Daily Mail*, 9 February 2016)

- David Cameron 'asked for too little' on Brexit. (*the Daily Telegraph*, 09 February 2016)

- Europe heading for 'revolutions' and 'collapse' over immigration, warns Donald Trump. (*the Daily Telegraph*, 10 February 2016)

- Boris Johnson's wife says David Cameron's EU deal is not enough. (*the Daily Telegraph*, 10 February 2016)

- Crusade to get us out of EU is on road to victory. (*the Sunday Express*, 11 February 2016)

- Ex-Attorney General: Prime Minister's plot to trump European law is 'pointless. (*the Sun*, 10 February 2016)[91].

David Rennie, former Economist correspondent in Brussels said:

> "The EU has become the equivalent of the fat boy with glasses who is bullied each break time: it's just what happens and it is free.[92]"

Back in 2012, following a phone hacking scandal, some of the most senior journalist and editors working for Rupert Murdoch were arrested of account of an investigation into practices and ethics of the British press led by a senior British judge- Sir Brian Leveson. One of his conclusions was that:

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90   Cited in Macshane (2015). *Op.cit.*, p.91

91   Greenslade, Roy (2016, February 11). The Brexit drippers: how Eurosceptic papers wage their propaganda war. *The Guardian*. Retrieved from: http://www.theguardian.com

92   Rennie, David (2007, November 18). Time to stop bullying 'fat boy' EU. *The Guardian*. Retrieved from: http://www.theguardian.com

"There is certainly clear evidence of misreporting of European issues.[93]"

Over the years, the Euro-phobic British press has informed that the EU has proposed to ban:

- Scottish kilts

- Curries

- Mushy peas

- Newspapers being delivered to houses

- Caerphilly cheese

- Charity shops

- Bulldogs

- Bent sausages and cucumbers

- The British Army

- Lollipop ladies

- British bread loaf

- British-made lavatories

- The royal crest on British passports

- Lorry drivers who wear glasses

- Access to supermarkets except at weekends to buy alcohol

- Small or curved bananas

The British press has also informed that the UK would have to give up its seat at the UNSC, Berlaymont buildings in Brussels (symbol of the EU) were going to be blown up and that Delors was planning to cancel the rotation of the EU presidency and concentrate all the powers in the EU[94].

These untrue statements and catchy headlines can surely resonate with some part of the British society, especially those less educated, less travelled and less tolerant who fear of their future and the impact that

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[93]   Leveson, Brian (2012). An inquiry into the culture, practices and ethics of the press. Working paper. Council Library.
[94]   Macshane (2015). *Op.cit.*, p.170-174.

integration might have on their lives. They will then go to election boxes and vote accordingly to their beliefs that further loss of sovereignty and waves of immigrants that drain the UK of its wealth need to be stopped.

5.2. The Bremain campaign

Apart from the press which sides with either Bremain or Brexit, political parties and influential individuals have also took sides and campaign to convince the public in either one direction or another, which is rather evenly split at the moment.

Among those who want the UK to stay in the reformed EU can be found: PM David Cameron and only about 16 members of his Cabinet including Chancellor George Osborne, Foreign Secretary Philip Hammond and Home Secretary Theresa May; the Labour Party with Jeremy Corbyn, Scottish national Party (SNP) with Nicola Sturgeon, Welsh Plaid Cymru with Leanne Wood, the Liberal Democrats with Tim Farron, Northern Ireland's Social Democratic and Labour Party (SDLP) and the Green Party are all for Remain. IMF, World Bank, the Treasury, Canada's Justin Trudeau and other heads of the Commonweatlh countries, Barack Obama, European heads of State, two former PM's Tony Blair and Gordon Brown, the majority of big companies as well as the vast majority of people in the EU are also in favour of the UK staying in.

In the UK, most of the high-profile Bremain supporters belong to 'Britain Stronger in Europe' cross-party group led by Lord Rose, former Mark's and Spencer's chairman. Some of them, like the Scottish SNP run their own independent campaign.

The main reason provided by the Bremain camp is that continued membership of the EU is beneficial to the British economy. The common market for goods, investment, services and workers creates thousands of jobs linked to exports to other EU countries and those who go to the UK to work help economic growth and maintain public services with their labour and taxes. The Bremainers say that the UK will maintain its world status and it will indeed be stronger and safer as part of a bigger group of 28 states given the security threats from Russia and ISIS and the fact that the EU countries co-operate on crime and security.

In May 2016, a market research company Populus investigated who the Remain and Leave supporters are. The study found out that those who support Remain the strongest are students who are still in full-time education. They are more than 50% more likely to support staying in the EU than other voters. These are followed by young people between 18 and 24 years of age. People with a higher university degree were the next, those with degree level education and the age groups 25-34 and 35-44 also back Remain.

In terms of geography, Scots and Londoners show the most support and those who have been on holidays abroad in the last three years.

Demographically, the Bremainers are those from the middle class, professionals, administrative workers and those renting property privately or owning their own property but still paying it off.

Politically, Labour, Liberal Democrat and the Scottish National Party voters are the ones wanting to stay in the EU[95].

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[95]   Stellings, Laurence (2016). The Brexit Index: a who's who of Remain and Leave supporters. Working paper. Populus.

The results shape the image of a Remain backer as younger (up to 45 years) with university education or still studying, having professional jobs and living in Scotland or London.

5.3. The Brexit campaign

Among those who want the UK to leave the EU are: the UKIP and Nigel Farage, about half of the members of the Conservative Party including the Justice Secretary Michael Gove, ex-mayor of London Boris Johnson, the former Secretary of State for Work and Pensions Iain Duncan Smith; some Labour MP's and groups like Farmers for Britain and Muslims for Britain. Donald Trump as well has expressed his conviction that the UK should leave the EU. 'Vote Leave' is the equivalent of 'Britain Stronger in Europe' and it groups most of the anti-EU figures. Nigel Farage and his party UKIP run their own Leave campaign.

Brexiters believe that the EU imposes too many regulations on business holding it back from achieving its full potential, the British contributions to the common budget are too high bringing nothing in return and that the UK can no longer be part of the free movement of people principle as immigration is detrimental and puts too much burden on public services. They claim that the EU is non-democratic, interferes with sovereignty and further integration will help create the European super-state.

In its research, Populus has revealed that those who support Leave the most are those without any formal education, followed by older age groups aged 55+, the retired and those with secondary level education.

Demographically, the Brexiters come from the working class, with skilled jobs but also unskilled manual ones, those who benefit from state aid and rent their homes from the council or a housing association and those who own their own property and have already paid it off.

Geographically, the supporters of Leave come from England (apart from London and North East) and poorer regions like East Anglia, the Midlands, the South West, North West and North East.

Politically, the UKIP voters support Brexit the strongest followed by most of the Conservative voters.

In general, terms, a Brexit supporter is older (55+) or retired, without higher university education, doing worse paid jobs and from England but not a Londoner.

5.4. Possible consequences of the referendum

Since the beginning of the referendum campaign, market research companies have been tracing public opinion trying to establish what the citizens are likely to decide.

The BBC has created an 'EU referendum poll tracker', which collects results from online and phone polls conducted by major research companies like BMG, ICM, Ipsos Mori, Opinium, Panelbase, Survation, TNS and YouGov from 29 March 2016 until 5 June 2016. The average result up to 5 June 2016 reveals that Leave is ahead with 48% and Remain has 43%. 9% of those asked are still undecided[96].

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[96] BBC (2016). EU referendum poll tracker. Retrieved from: http://www.bbc.com/news/uk-politics-eu-referendum-36271589 [06.06.2016]

The polls suggest that over the last few weeks, there has been a shift away from Remain but there are still two weeks to go and the result will depend not only on those currently undecided but also on external events happening in the EU. What may influence the decision could be worsening in the refugee crisis or new terrorist attacks.

Whatever the British decide on the 23 of June, there will be consequences, as either the EU will have to be reformed to cater for the British demands agreed in the UK-EU deal or the EU will lose a valuable and significant member, which has not happened ever before in the history of this Organization.

If the UK remains, steps will have to be taken to put the UK-EU agreement in place, which will introduce changes in the EU Treaties. There have been voices saying that the deal will not effectively reduce the number of migrants coming to the UK, as what attracts them is not the benefits but job opportunities and the way of life on the island.

What is more, even if the British decide to stay in the EU fold, their Euro-scepticism will not disappear and the Union will still have to reconcile different interests. The data gathered in the British Social Attitudes Survey reveals that the UK is a Eurosceptic country. 65% are sceptical about the Union and wish to reduce its powers and 30% want the UK to withdraw. 47% think that the EU undermines their cultural identity[97].

The debate going on in the UK is not only a sign of the British Euroscepticism. The attention given to the debate in the UK is due to the importance of the country, but the UK is not alone in being sceptical. Scepticism is present across the whole continent. When asked: 'Do you tend to trust European Union?' nearly 70% of Romanians said yes, followed by 57% of Danes, 56% Hungarians, 48% Poles, 47% Dutch, 39% Germans, 36% Italians and Spaniards, 32% French, 29% Britons and only 26% Greeks[98]. These figures suggest that distrust towards the EU ranges between 30% and 74% of the population. If Brexit happens and the UK is successful at securing profitable deals with the EU and other countries, it is likely that more debates like the one in the UK will appear across Europe.

If the UK leaves, the consequences for the rest of Europe could be very profound, especially in the long-run. Among those repeated most often are:

- The UK is the second largest net contributor towards the common budget (14 bln Euros a year), which would mean less money for all. British exit would cause shrinking of the common market by 15%, which would stop the EU from being the largest single market in the world and reduce its weight in global affairs.

- Less competition would mean higher prices and poorer quality products

- The UK has the largest and best-trained army in the EU along with France and a wide diplomatic and intelligence network across the globe, which has a positive effect on security.

- The City of London is one of largest financial centres in the world and this loss would increase costs of financial services

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97   British Social Attitudes (2016). How deeply does Britain's Euroscepticism run? Working paper. NatCen Social Research.
98   The roots of Euroscepticism (2016, March 12). *The Economist*. Retrieved from: http://www.economist.com

- The UK is promotor of market-orientated and liberalized commerce, which is a valuable asset in today's globalized world.

- The exit would cause a shift in the balance of power with Germany undoubtedly taking the lead.

- The absence of the UK when taking decisions through qualified majority at the European Council would give more protectionist countries an advantage and they could form blocking minorities more easily.

- Uncertainty that could damage the confidence of external investors and could have a negative impact on the EU trade as it will not be as attractive a market as it is with the UK in it. The UK also brings its significant political weight into negotiations.

- The UK has a lot of international influence- a permanent seat at the UN Security Council with veto power, the G8, the IMF, the OECD or the WB. If it leaves, the EU would lose a very important ally in these places. In Europe, only France has a place in the UNSC with a veto power.

- Domino effect with more countries trying to re-negotiate its relationship with the EU and opposing any moves towards further integration

- Rise in regional separatism in regions like Catalonia or the Basque country.

- Some countries may be affected by lack of remittances from the UK

- Businesses may find it expensive to relocate to mainland Europe and the UK may compete with the EU lowering barriers in order to attract foreign direct investment.

If Brexit happens, the consequences for the UK could be even more significant than for the rest of Europe and will depend on what deals the UK will manage to negotiate.

If the UK votes to leave, it must invoke Article 50 of the Treaty on the European Union about the withdrawal procedures of a Member State from the Union. During the negotiation, the UK would remain a member-state and continue participating in EU activities, but if finally, after two years, no agreement is reached, then the UK would be automatically out .A longer period might also be needed for the UK to prepare the national legislation, which would be necessary to substitute for EU acts. Some possible models that the UK could adopt after leaving the EU are:

- Norway, Iceland or Liechtenstein models: Britain joins the European Economic Area and receives access to the single market, with the exception of some financial services, but it is freed from EU policies and rules on agriculture, fisheries, justice and home affairs. However, as a consequence, the UK would have to adopt part of Law of the European Union, to contribute financially and accept the free movement of workers. In fact, Norway has approximately three-quarters of all EU legislative acts and its contribution is just 17% less than the British. On the other hand, the UK would be able to contribute to the formation of policies and legislation in the EU, but just at an early stage as a part of a formal decision-shaping process.

- The Swiss model: Switzerland's economic and trade relations with the EU are defined through bilateral agreements (there are around 100), managed through a structure of more than 15 joint committees. That means Britain would have to negotiate trade treaties on a sector-by-sector basis and it would need harmonization every time that the EU changed its communitarian rules. All that supposes a huge amount of money and time for both the UK and the EU. On the other hand, Britain could gain sovereignty as it could choose to apply EU regulation., In practice; however, the UK would have to accept part of EU legislation in order to have access to the EU's single market as well as contribute to the EU budget, without having a say in EU decision-making and, as it happened in Switzerland, the EU would probably impose on the UK the free movement of workers as a condition, which has been restricted with a new bilateral agreement between Switzerland and the EU and it gave Switzerland the possibility of limiting immigration. In addition, the Swiss model does not cover services, which are central to Britain's economy (nearly 80% of its GDP).

- The Turkish model: The UK could enter into a customs union with the EU, therefore Britain would not have to pay tariffs in exporting to the EU, but again the UK would have to accept the relevant EU rules like common external tariff without having any influence over it.

- A Free Trade Agreement (Canadian model): This model would reduce or eliminate some trade barriers according to agreements reached and t involves less access to the single market. The agreement currently negotiated with Canada does not include a number of key service sectors like the audio-visual and air transport, which for the UK could be vital. Canada also needs to follow EU regulation when exporting to the EU along with quotas on certain agricultural products. What also needs to be taken into account is that the negotiations have been going on for seven years now and the agreement is not yet in force[99].

One thing seems clear from all those models: the more Britain would try to participate in the single market, the more limitations it would have to accept from the EU. A free trade agreement would probably be the best option for the UK but it all depends on what they manage to achieve in negotiations.As it is not yet known what model Britain will adopt, it is impossible to talk with certainty about the UK's future. However, it is possible to talk about some effects that are likely to happen if the country decides to leave Europe. Some consequences could be:

- Uncertainty as negotiating in order to reach any model could take anything between four to ten years. In the meantime, lack of security may affect investment decisions.

- Open Europe estimates that if the UK leaves but manages to set up a FTA with the EU, carries out ambitious economic deregulation and almost fully opens up to the global trade, by 2030 British GDP could be permanently 1.5% higher than if it had stayed within the EU. However, if the UK only secures a FTA with the EU but does not do any domestic reforms to trade with the rest of the world, its GDP could be permanently 0.5% lower by 2030[100].

- Whichever model the UK will follow is likely to result in regulatory divergence, which could increase trading costs or reduce trade altogether. 50% of British exports go to the EU while only 10% of EU's exports go to the UK. Currently, British products have access to the biggest single market in the world cost-free.

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[99] HM Government (2016). *Alternatives to membership: possible models for the United Kingdom outside the European Union.* London [07.06.2016]

[100] Open Europe (2015). What if…? The consequences, challenges and opportunities facing Britain outside the EU. retrieved from: http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/

- For many investors, the UK is a gateway to Europe that is why the UK is the largest recipient of FDI in the EU. Brexit could badly affect the appeal of the UK for investors not only from outside the EU but also from within as currently, the EU is the biggest FD Investor in the UK. It may also become more difficult for the UK to attract corporate headquarters who may prefer to locate themselves in the EU.

- Reducing immigration may result in lower competitiveness, as immigrants help reduce skills shortages and add to high-value industries, higher tax on the ones in the country or less spending.

- The City of London is the leader in banking transactions carried out in Euro, which the Eurozone states want to change and move the activity to a Eurozone country so that it is overseen by the ECB. If the UK left, the City, which creates a lot of wealth for the UK could lose an important source of revenue.

- In terms of trade policy, after Brexit, the UK would have less leverage in trade deals with major economies and be of lower priority to them as well as having less strength when resolving trade disputes within WTO.

- The net contribution to the common budget could be reduced depending on which model the UK will follow. Currently, British contribution is estimated at 0.5%-0.6% of its GDP. If the Norwegian model was to be adopted, the amount paid in would be reduced by about 9%. If the Swiss model was to be adopted, the contribution would fall by 55%[101].

- Scotland is a firm supporter of the UK staying in the EU. In case of Brexit, Scotland is likely to push for another referendum on independence from London, which could lead to disintegration of Great Britain.

The British referendum comes at a bad time when the EU needs to be at its strongest - the refugee crisis, rise of ISIS and Russian aggression in Ukraine. However, it has not been the case and there seem to be diverging ideas and interest. Whatever the UK decides, those different voices will still be present and if the EU is to move forward and flourish, new adjustments need to be made in order to more flexibly accommodate them.

Conclusions

This work contains historical analysis of British integration with the European Union since the end of the Second World War until today. A period of over seventy years that bear witness to events, which changed the course of history and brought lasting peace to a war-torn continent of Europe.

Those seventy years of British and European integration saw the UK turn from an observer of the integration process to a fully-fledged member of the European Community in 1973. However, that moment was perhaps when the UK's wish for a close relationship with the EU was at its highest. Since then, there have been disagreements on the British contributions to the Community, loss of sovereignty of the National Parliament and maybe an excessive beaurocracy from the EU and finally the British concerns about the free movement of people. All these factors have led to divisions in the main political parties and among British citizens, which are now facing the referendum on whether the UK should stay within the EU or leave.

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[101]   Global Counsel. *Brexit: the impact on the UK and the EU*. London, June 2015. [08.06.2016]

As it has been said in the introduction, the motivation behind creating this investigative study was the wish to find out what circumstances led the British to the moment of a referendum on withdrawal from the EU- an organization of great benefits to 28 European nations.

Having completed the investigation and keeping in mind the hypothesis suggested at the start of this work, several conclusions could be drawn:

British Euro-scepticism is mainstream and promoted by high-profile politicians

The UK's known resistance to take part in European integration in the decades following the Second World War, would seem like a natural reaction for a country whose main geostrategic interests for over two centuries had been linked to the development and protection of a global empire. As far as European affairs were concerned, the UK had adopted a role of promoter of trade and political stability, often intervening when the balance of power on the continent threatened British interests or UK territory directly.

The above can partly explain why since the UK joined the EU in 1973, British politics has been divided over the pros and cons of membership. The two parties that have dominated the political scene, the Labour Party and the Conservative Party, have modified their position on EU membership. Both parties have, at some point or another, alternated positive or negative narratives about the EU, which in the long run have contributed to influence the British public opinion on the matter. Some examples, which have been described in this thesis, come to mind: Labour PM Harold Wilson who first unsuccessfully applied for membership in the EC and who was back in power in 1974 winning the elections with a promise of renegotiating the British contributions to the EC and a referendum on withdrawal; Conservative PM Margaret Thatcher who became a fierce Euro-sceptic and a critic of the EU and even the pro-European Blair commented in a widely-read newspaper he would "slay the European dragon" if it threatened British sovereignty. A more current example could be the Conservative PM David Cameron who won the 2015 elections offering the British a plebiscite on withdrawal from the EU.

The press has been greatly contributing towards negative popular attitude to the EU

Perhaps in no other country in Europe of the media has been so biased against EU institutions than in the UK. The aggressive tone and frequent misreporting by the widely read tabloids has significantly contributed to the negative perception of the EU by a large percentage of the UK's population. British media, in particular the redtops, have fuelled Euroscepticism for the last four decades.

Rebalancing the negative reporting of the past few decades in only a few months of campaigning is one of the most challenging objectives of the Remain camp ahead of the referendum. Despite the intense campaigning by the largest political parties, press reporting has continued to favour the Leave campaign. Research has shown that the newspaper with Eurosceptic content are more popular among readers across the UK.

On the day of the referendum Britons will have to choose between decades of accumulated negative messaging on the EU or the more recent arguments in favour of remaining. Ironically, some of those now

passionately selling the benefits of staying in the EU, such as Cameron himself, not that long ago, used a very different language. What seems clear is that the outcome of the referendum will be mostly determined by how Britons perceive the arguments for and against projected by the media.

The British treasure their sovereignty above all

The UK's long-standing parliamentary tradition, its institutions and legal system are the result of centuries of evolution and are closely intertwined with the British character and the national identity. Modern UK cannot be understood without its unwritten constitution at the epicentre of which lies the Houses of Parliament, an unrivalled symbol of democratic legitimacy and close contact with the voters.

The majority of Britons consider their parliament the true guardian of the country's sovereignty. Accepting a political or even legal structure that supersedes it has been the source of great resistance. The perception that EU institutions can impose new legislation on the UK without the traditional debating process is seen by many as an attack on democracy and on British sovereignty. Indeed, the EU is often attacked for its perceived lack of transparency and questionable democratic legitimacy.

Many British politicians have resisted further political integration using as an argument the alleged lack of democratic legitimacy of EU institutions. These views have resonated strongly in a country where successive governments' policies and decision-making processes have been fiercely challenged by Parliament. It is hardly surprising then that part of the political machinery are resisting or even campaigning against the EU, since it allows for new legislation to be introduced (transposed) without the customary debating process.

The perception of the degree of sovereignty the UK maintains and/or will be able to retain in the future, including possible risks of losing the Pound, will be another important and decisive factor that will tip the balance one way or another on the day of the vote.

Migration is a contentious issue

An issue tightly intertwined in the sovereignty debate is the ability to control migration into the UK. In today's multicultural UK, this issue has proven one of the most controversial and has indeed, thanks to the insistence of the Brexiters, dominated the referendum debate.

The UK's traditional support for further enlargement contributed to the integration in the 2000s of new Member States from Central and Eastern Europe. Unlike other countries, the UK did not introduce a transition period that would have delayed the arrival of thousands of workers.

Most experts concur that the impact of the new migrants on the British economy has been positive. However, much of the public perception has been negative often blaming the new residents for bringing down wages and putting strain on the welfare state. Brexit campaigners have been partly successful at linking EU membership to the arrival of new migrants playing on the fears of potential supporters that fit the profile of a 55+ unskilled worker from poorer areas of England. On the other hand, the Remain campaigners seem to be struggling, judging by opinion polls and media coverage, to convince voters of the benefits of migration.

The debate over the pros and cons of migration have been, and will continue to be until the day of the referendum, one of the key issues that will determine the vote of a large percentage of the population.

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Abstract: The British integration into Europe over the course of more than forty years has been a bumpy road and has earned the United Kingdom names such as 'an awkward partner'. Even though it started on a very positive note in the post-1945 years, with Winston Churchill calling for the creation of the United State of Europe, the British held on tightly to the idea of maintaining their global influence, the sovereignty of their Parliament and the independence of the courts. The British have preferred intergovernmental links over a supranational European structure. With time, a combination of factors have led to the critical situation the UK and the European Union now face. Some of these factors have been: the constant clashes between the British and Continental legal and political traditions that have been magnified by the British media's sometimes aggressive and colourful reporting and a Conservative Party that has been unable to contain some of more Eurosceptic elements within it eventually giving in to the postulates of the UK Independence Party leading to a historic referendum as the country was emerging out of one of the worst economic crises in decades.