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Burcu Kazancı

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Betreuer: Univ.- Doz. Dr. Johann Wimmer

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LIST of ABBREVIATIONS

BOT	Board of Trade
CAP	Common Agricultural Policy
CFSP	Common Foreign and Security Policy
EC	European Commission
ECB	European Central Bank
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EDC	European Defense Community
EEC	European Economic Community
EFTA	European Free Trade Area
EMU	Economic and Monetary Union
ERM	Exchange Rate Mechanism
ESCB	European System of Central Bank
EU	European Union
EURATOM	The European Atomic Energy Community
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product (GDP)
JHA	Justice and Home Affairs
IEA	Institute of Economic Affairs (IEA)
IGC	Intergovernmental Conference
IRA	Irish Republican Army
IRB	Irish Republican Brotherhood
OEEC	Organization for European Economic Co-operation
SEA	Single European Act
QMV	Qualified Majority Voting
TEU	Treaty on European Union
UK	The United Kingdom
UKIP	The United Kingdom Independence Party
US	The United States
VAT	Value Added Tax

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1. INTRODUCTION

1.1 Problem Statement and the Research Question

*When Britain first, at heaven's command,
Arose from out the azure main,
This was the charter of the land,
And guardian angels sung this strain:
'Rule, Britannia, rule the waves!
Britons never will be slaves.'*¹

The English people who are living in the United Kingdom (UK) call themselves as English or Brits and they came from a history, which predicated on the British Empire and later ended with combining with Scotland and North Ireland and become the Great Britain. The UK has an important role in the European Union especially by being the first major industrialized country in Europe. "Many years after entry into the European Union, Britain is still regarded as 'of rather than in' Europe; it remains 'semi-detached' from Europe."²

The European Union (EU) is the most significant stage of the integration that begun after World War II by the six main European countries. It was built by many serious treaties in time to make laws and policies on economic social and political issues which became important problems in the world. The member states, "share a customs union, a single market in which goods, people, and capital move freely, a common trade policy, and a common agricultural policy."³ Another aim also was to maintain peace and pretend a war within Europe.

¹ Teresa White (ed) (1982): Garrick's alterations of others, 1751- 1756. Alfred: a Masque, act 3, sc.9.

² Cowles, Maria Green; Caporaso, James; Risse, Thomas (ed.). (2001) „Transforming Europe“. Cornell University Press p. 204. Cited in Bailey, R. 1983. The European Connection: Implications of EEC Membership. Oxford: Pergamon Press. And George, Stephen, ed. 1994. An Awkward Partner: Britain in the European Community. 2d ed. Oxford: Oxford University Press.

³ <http://www.fas.org/sgp/crs/row/RS21372.pdf>. 30.5.14.

Since Britain entered the European Economic Community in 1973, its position in Europe has been always Euro-sceptic. Whether it is Britain's geographical location as a separate island or its unbalanced economy and politics within the country, British people do not see themselves as "European". This view continued with opt outs like the Schengen Agreement and the Eurozone and became a significant issue of today about leaving the EU. The Conservative Prime Minister of the UK, David Cameron, put the issue of leaving the EU on the table. What Cameron wants to do actually not leaving the EU on the first place, he wanted reforms on the EU treaties in order to solve the political and economic problems in the UK. But if he will not get what he wants, he is, in a way, threatening the EU that he would then leave the EU. His way of solving the issues led serious debates within the UK and the EU, because he wants big moves from the EU, which could be barely provided for the UK. Also his opponents in the UK do not think the same with the Conservatives, because they believe to stay inside the EU and find Cameron's acts damaging for the UK. The other members states of the EU has also alarmed. They also believe that a possible opt out of the UK from the EU would affect the rest of the EU in terms of both politically and economically. They are all in favour of the EU and therefore their countries, so they do not support any opt-outs that the UK may came up with.

The aim of this study is to give the background of the British history since today and understand the reasons of the problems that have occurred today. The purpose is to discuss on the policy of the UK about the EU referring to the history and current situations. Therefore the research question is the reason of the Euroscepticism of the UK throughout its history and the reasons the opt out from the EU. Also the ideas of the opponents and the EU in general will be researched. These researches will be discussed by examining all the reasons of the factors that the country faces since several years and in terms of the reasons of the conflicts, which the two polls on this issue have.

1.2 Methodological Process

For the years 1929- 63 considerable amounts of qualitative researches have been done by historians, using government sources and political papers, which have been written about these issues. In this study, these works of the historians, writers and researches have been used to describe the history of the United Kingdom. During mentioning about the history of the UK, the issues were chronologically explained with examples and given enough information about the background of the main purpose of the study.

As the study moves further, the history books and relevant studies of the politicians and writers have been used to explain the political, economical and social situation of the UK before and after joining the EU. On this issue, the most important political leaders of the UK have been mentioned about their policies on the UK and what consequences they have brought by discussing the debates in their period. Some quantitative analyses and figures have been also used in the study to give statistical information in order to support the ideas.

In the final discussion about the current problems of the EU and the UK, the policies and views of the former and current political parties and also Prime Ministers of the UK have been compared in order to understand the reasons of the debates that the UK is facing today. While examining the conflicts, researches and newspapers have been used to get information about current issues and for discussing the process. All policies and ideas of the polls in the UK and in other EU countries have been objectively compared and discussed without supporting any sides.

Two different interviews containing one from Austria and one from the UK have been used to add extra information; to help supporting and comparing ideas. The aim has been getting different ideas from different sides.

1.3 Construction of the Thesis

In the beginning of the study, the British Pre-history will be explained starting from the very beginning, in order to understand and give a background of the British history. Then it continues with the history of the UK and the creation of the United Kingdom of Great Britain and the Northern Ireland. Chapter 4 mentions about the creation of the Western Bloc starting from the end of the First World War and continues with the rise and then with the fall of the Western Union in Europe. Chapter 5 starts to examine the European Integration with explaining the Schuman Plan in 1950 and follows with the European Defence Community. Furthermore, the challenges of the Free Trade Area have been discussed in terms of the UK.

Moving on the European Integration, the important move of the integration, the EEC, has been discussed in terms of the British membership. The first and the second application to the EEC in 1960s were explained and the final entry has been discussed, which was in 1973. Beginning with the chapter 6, the revival of the European Integration has been discussed by starting with the Margaret Thatcher government in the UK. Moreover, processes of the Single European Act and the European Monetary Union in the EU and in the UK have been examined until the fall of the Thatcher government. In chapter 7, the most significant movement towards European Integration have been started to discussed with the process towards the Maastricht Treaty, which created the European Union. In this process, the government of John Major was discussed with the crisis called 'Black Wednesday' and this process went further until the ratification of the Maastricht Treaty in the UK. The chapter continues with the birth of the Euro and the British question about the issue. In chapter 8, conflicts between the EU and the UK have been discussed in detailed starting with the general view and information of European Union. Then the chapter moves on with the main two opt-outs and the conflicts of the UK, the refusal of the Euro and the Schengen Agreement. After criticizing these major issues of the UK, the current issues have been discussed in chapter 9. The debate starts with the current issue of the UK, which is the possible referendum and opt out idea of the Conservative government. The chapter continues with the discussion of the conflicts between Conservatives and the Liberal Democrats, the Independence Party and the Labour Party in the UK about Cameron's demands from the EU. About the possible opt out of the UK, the chapter discusses the differences of the policies of other political parties and also their ideas about the consequences that the UK would have had in terms of a possible opt out. Also the ideas of

Germany, the United States, Austria and France have been discussed at the end of the chapter.

In the conclusion, a general process of the UK since its history has linked today and problems of the UK that they face today have been examined. Finally, a general idea, possible affects on the UK and risks of an opt- out have been discussed.

2. GENERAL THEORY

In the history of the UK through the European integration, the main event that brings us today and makes us discuss the issues is the refusal of joining in the Union in 1957. It was because they afraid of losing their sovereignty. Later on in 1961 and in 1967 there were two more failed attempts to join in the union, but after all on 1 January 1973 the United Kingdom joined in the European Community by the Conservative government of Edward Heath without a referendum.

In 1974 the Labour Party, which won the majority of the 1974 general elections, opposed this participation of the United Kingdom and the next year held the first UK-wide referendum in the 20th century whether to remain in the EEC. There were 'Yes' campaigns from the supporters of the government of the Prime Minister Harold Wilson. Also many other parties including the Conservative Party with its new leader Margaret Thatcher supported too. There were 'No' supporters from the left wing of the Labour Party. According to the results in 5 June 1975, 67.2% were in favor of remaining in the EEC, however 32.8% were on the opposite side.⁴

In 1992, the Treaty of the European Union (TEU), so called the Maastricht Treaty, was signed. The aim of the treaty was to raise the economic and political power of the European Economic Community (EEC). The treaty came into force in 1993 and the European Community (EC) renamed as the European Union (EU). The European Union is a unique economic and political organization, which has twenty-eight member states. These member states "pool parts of their national sovereignty in order to co-operate within a framework of supranational institutions and policies".⁵

The European Union is confronting vastly different economic and social developments with member states and trying to integrate each one at the same level.⁶

⁴ See, 'Report of Commission on the Conduct of Referendums'. Retrieved from: <http://www.ucl.ac.uk/spp/publications/unit-publications/7.pdf>. 30.05.2014.

⁵ Schweiger Christian(2007), "Britain, Germany and the Future of the European Union". Basingstoke: Palgrave Macmillan. P.1.

⁶ See Zeff, E. and Pirro, E. (2006) (eds), The European Union and the Member States. p.1. Boulder, CO: Lynne Rienner.

3. THE EMPIRE WHERE THE SUN NEVER SETS

3.1 Defining Britain

“I consider that it will be found much better by all parties to leave the past to history, especially as I propose to write that history myself.”⁷

Sir Winston Churchill

“In the history of Europe there have been several periods in which large parts of Western and Central Europe were united under the same political power.”⁸ The Roman Empire, Charlemagne or the Holy Roman Empire can be given as examples. Today’s Europe, so the Europe that had started to develop in the twentieth century, is far more different. “It is the Europe where each independent country decides to unite the others with a project in common, as a result of everyone’s insights, and with an organization of power sharing by every member”.⁹

United Kingdom of Great Britain and Northern Ireland is a sovereign state that contains the island of Great Britain, the northern part of Ireland and some small Britain islands. “The name "Britain" comes from the word "Pretani", the Greco-Roman word for the inhabitants of Britain.”¹⁰ In the history, The Romans mispronounced the word ‘Britain’ and called it ‘Britannia’. The state is formed of four countries; England, North Ireland, Scotland and Wales and it is located at the West of the Europe continent. Also Northern Ireland is the only part of the state that has a border with another state, which is the republic of Ireland. Until 1922, Ireland was a part of the Great Britain as a whole. Originally the name of the country is, ‘United Kingdom of Great Britain and Northern

⁷ Hansard 23 January 1948 Common Sitings. Retrieved from:
http://hansard.millbanksystems.com/commons/1948/jan/23/foreign-affairs#S5CV0446P0_19480123_HOC_99. 30.05.14.

⁸ Menéndez – Alarcón, Antonio. 2004. The Cultural Realm of European Integration: Social Representations in France, Spain and the United Kingdom. P. 1. Westport, CT: Praeger .

⁹ Ibid.

¹⁰ McDowall, David. 'An Illustrated History of Britain'. Retrieved from:
<http://cdn.preterhuman.net/texts/history/An%20Illustrated%20History%20of%20Britain.pdf>. 30.5.14.

Ireland'; but both in the country and in international areas, it is called as United Kingdom. The country is governed by constitutional monarchy with a parliamentary democracy and the present monarch of the country is Queen Elizabeth II.

3.2 British Prehistory

In the Prehistory of Britain, first inhabitants could be seen around 250,000 BC. They can be grouped as the earlier and the later group. The first group who came from Russia made their tools from flakes of flint and the second group who came from Africa made their tools from a central core of flint.¹¹ Later in 50,000 BC, a new type of human being has arrived as they were assumed to be the ancestors of the modern British. When the Ice Age came to an end around 10,000 BC, there were groups of people such as hunters, fishers and gathers in Britain. In those years these people built houses for themselves to live and hunted deer to be nourished and also to provide clothing. The time when Britain had become an island was in 5000 BC. The people who settled the Western parts of Britain and Ireland were the Neolithic people in around 3000 BC. "They probably came from either the Iberian (Spanish) peninsula or even the North African coast."¹² These people were dark and small and their shapes of heads were long. Being different from the Neolithic people, the round headed, tall, strong and heavy boned people came to south of Britain from Europe around 2400 BC. "Their name, the Beaker people, was given to them because they used a special type of pottery vessel known to archaeologists as a beaker."¹³ These people have also brought individual graves and "the knowledge of the techniques of winning and working metals, which eventually brought about vast changes in man's way of life."¹⁴

The oldest societies of Great Britain were formed by Celts. The Celts were a new group of people in 700 BC who came from central Europe or from the south of Russia. They were red-haired, blue-eyed, tall and had the skill of iron technology and better weapons. Between years 55 BC and 410 AD islands of Great Britain were under the control of the Roman Empire. In the 5th century, Germanic people started to immigrate the island and the English people have been the continuation of the Germanic people. Furthermore, Scottish, Welsh and Irish have been the continuation of Celts.

¹¹ <http://referaty.aktuality.sk/vytlac-referat-21511> 30.5.14.

¹² McDowall, 30.5.14.

¹³ <http://www1.somerset.gov.uk/archives/ASH/Beakpeop.htm> 30.5.14.

¹⁴ Ibid. 30.5.14.

3.3 The history of Great Britain

In the period of The Tudor dynasty, Kingdom of England gained strength and surpassed Scotland. In year 1588, Queen Elizabeth II formed the ground of British Empire by defeating the strongest army of the Europe, the Spanish Armada. In year 1707 England and Scotland were united and established the Kingdom of Great Britain. Later in 1800 they included Ireland to the union and 'United Kingdom of Great Britain and Ireland' was created. Between years 1837 and 1901, the Great Britain established the British Empire under the period of I. Victoria. Because it was very big and there was always light on at least one part of the empire during the daytime, the United Kingdom is referred as "the empire on which the sun never sets".¹⁵ Also "the sun never set on the British Empire because the sun sets in the West and the British Empire was in the East."¹⁶ Later in 1921 the empire became a massive area containing India, North America, Middle East, Australia and Africa with the one-fourth population of the world. In 20th century, Ireland gained its independence like many other countries did. With the independence of Hong Kong in 1997, Britain was no longer a colonial empire.

Around year 1845 Irish people felt that the British government were not listening to their problem and complaints and they did not care about their grievances. For them, the Irish had become second-class citizens in the world's greatest empire builder.¹⁷ Ireland had no authority in ruling the country and was governed by London. The aim of the Irish people was evident; the Irish independence and therefore no more being under the British rule. The British did not want to deal with this desire. In year 1858, a secret organization named The IRB (Irish Republican Brotherhood) had been formed with 2,000 members. Later in year 1910, the IRB made their own publication and called the Irish people for the 'Irish Freedom'. The members of the IRB signed the declaration in 1916 on Easter and this event was called in the history as the 'Easter Rising'. The IRB prepared itself for a rebellion for freedom and Irish Americans supported the organization economically. After the Easter Rising in 1916, there was a period of restraint and therefore Irish volunteers established the Irish Republican Army (IRA) and started a guerilla war against the British. In year 1918,

¹⁵ <http://www.neatorama.com/2013/06/04/The-Sun-Will-Never-Set-on-the-British-Empire-Even-if-Theres-a-Solar-Eclipse/#!QMVD>. 30.05.14.

¹⁶ <http://www.friesian.com/british.htm>. 30.05.14.

¹⁷ http://www.historylearningsite.co.uk/1916_easter_rising.htm 30.05.14

the Irish Republican political party 'Sinn Féin'¹⁸ won all the seats, which had reserved for Ireland in the British Parliament. The members of the Parliament did not go to London and declared their independence by establishing the Parliament of Ireland in Dublin. British proclaimed that the parliament was illegal and they started a war that was from 1919 to 1921. Eventually, both sides agreed on the division of Ireland as the governance of Northern Ireland and independence of the Irish Free State. Hereby, in year 1921 the island divided into two parts with a treaty; while the northern part stayed with Britain and the southern part became semi-independent. After the constitution of the Irish Free State in 1922, "the official name 'United Kingdom of Great Britain and Northern Ireland' came into use."¹⁹ However for the southern part, this was not a solution and a civil war came out in the island between the pro-treaty side of Collins' and anti-treaty side of Valera's. The civil war came to an end with the mysterious death of Collins. The struggle of the Irish continued for many years and finally in year 1949, the southern part of Ireland became independent.

¹⁸ The party was found by Arthur Griffith in 1905. The name means 'We ourselves' in Irish.

¹⁹ http://www.know-britain.com/general/great_britain.html. 01.06.2014

4. THE BIRTH OF THE EUROPEAN UNITY

4.1 The Western Bloc

“The United States of Europe are not only the great hope but also the urgent need of our era, because they will bring about the full development of each of our peoples and the consolidation of peace.”²⁰

Jean Monnet

Britain was the largest empire in the world history. When new powers had come up, such as United States and Germany, they started to have industrial, naval challenges among each other. In 1914, Britain was with the allies of the World War I and fought against the central powers Germany, Austria-Hungary, Ottomans and Bulgaria. After the war, Britain preferred to stay itself distant from Europe. Despite increasing pressures to involve in continental affairs, Britain always preferred to support a balance of power in Europe from the outside, as the best way to preserve its liberal institutions, its world trade and its military security.²¹

The idea of a ‘federally structured Europe’, which was the political highlight of the movement for a united Europe, had been proposed in the speech of the French statesman Aristide Briand on September 1929.²² “Briand argued that only a federal Europe would allow for ‘the possibility of establishing contact, of discussing their interests, of adapting common resolutions, of creating amongst themselves a bond of solidarity that allows them, on suitable occasions, to face up to serious circumstances.’”²³ The federation also would destroy the barriers that were able to trade in the Europe and moreover it would make

²⁰http://www.google.at/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCsQFjAA&url=http%3A%2F%2Farc.eppgroup.eu%2FActivities%2Fdocs%2Fdivers%2Finodoc-schuman-en.doc&ei=nxCJU-awDqvA7Ab2r4C4DA&usg=AFQjCNFCxhKoE9heaEbKA8Kh-rHJxXi8-w&sig2=D1KZ3rHD_btlwDGJty1ag&bvm=bv.67720277,d.ZGU 31.05.14.

²¹ Young John W. (2000), “Britain and European Unity 1945-1999”.p.3

²² http://books.google.at/books?id=Hu30cmEk5bQC&dq=federal+europe+briand&hl=tr&source=gbs_navlinks_s . 31.05.14.

²³ Aristide Briand, “Speech in the presence of the League of Nations General Assembly, Geneva, September 5th 1929,”quoted in “A Century of Nobel Peace Prize Laureates,”(Bloomington, IN: Indiana University, 2002).

Europe fighting back against the American economic competition. Britain did not feel excited about the idea; "because British were opposed to regional trading blocs, preferring a liberal trade policy; they wished to preserve special commercial links to the Commonwealth; and they did not wish to argue with the Americans, who seemed likely to oppose a European trading bloc because it would restrict US exports." ²⁴

"In the 1930s, Britain created an 'Imperial preference' system in trade, and developed the Sterling Area among countries which traded in Sterling, so as to protect its share of world trade."²⁵ Some in Britain were in favour of the potential European co-operation. According to the trade union leader Ernest Bevin, "a large, single market in Europe would improve trade and employment levels."²⁶ It is a well known fact that, "Britain and America were bound together by language, culture and liberal political doctrine and worked closely together during the war."²⁷ Nevertheless "the British and Americans were often divided over such issues as the future of colonialism and economic policy, with the Americans critical of the British Empire and its preferential trade system."²⁸ With the Soviet Union things were not alike, British relations with the Soviets were never close like it was with the United States.

After Britain was added to the powerful allies, who were the United States and the Soviet Union, aims of the European co-operation came to the scene. The supports of the two superpowers were very important for Britain to overcome Italy, Germany and Japan but also they were a threat to the Britain. During the Second World War in 1941, British Foreign Minister Anthony Eden met with the Soviet leader Stalin and they had a discussion about the direction of the war and also about the expectations of the countries'.²⁹ During the discussion, it was the first time that Stalin mentioned about "the idea of British-led Western bloc"³⁰. "Stalin saw British military bases in Western Europe as a way to hold down Germany after the war, and also as a way to compensate Britain for

²⁴ Young John W., p.3.

²⁵ Ibid. p.4.

²⁶ Ibid.

²⁷ Ibid. p.5.

²⁸ Ibid.

²⁹http://www.google.at/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCkQFjAA&url=http%3A%2F%2Fmatforeignpolicy.wikispaces.com%2Ffile%2Fview%2FBritish%2BForeign%2BMinister%2BAnthony%2BEden%2Brecords%2Bhis%2Btalks%2Bwith%2BStalin.doc&ei=QbqJU5mWMpOM7AaBl4DgBA&usg=AFQjCNF_RCfbCoZpyIZ0r6Tm-C6oNg6kaA&sig2=h2kOwb2MXEPJq-Ie3XSaQw&bvm=bv.67720277,d.ZGU 03.6.14.

³⁰ Young John W., p.6.

Soviet predominance in Eastern Europe - the thing he wanted above all.”³¹ There was a common idea that after the war Britain had to work closely with Western European countries. The target was to carry the burden of Germany after the war by containing it in the bloc. By this way, Britain would be provided with ‘defence in depth’ in Europe. Defence in depth refers to “manage risk with diverse defensive strategies”³². Therefore the aim was to raise the British influence around the world and make Britain as the spokesmen of the West Europe. As it has already mentioned, Britain wanted to keep its relations with the United States good and did not want to upset them with the new Western bloc. Also Winston Churchill, who was the Prime Minister of Britain at that time, believed that attempts to create a British-led Western bloc was not right and so he ended it. He argued that Britain had not enough resources to build a Western Europe, which was strong and militarily adequate. Despite opinions of Churchill, there were positive views about the Western bloc in the Foreign Office.

Britain was the weakest country of the “Big Three”³³, which consisted of Churchill’s Britain, Roosevelt’s United States and Stalin’s Soviet Union. According to the Foreign Office, as being the weakest, Britain had to be the leader of the West European countries and oblige the other two ‘Big’s to treat Britain equal.

At the end of the World War II, the British government wanted to develop a security system. It is important to emphasize that Britain had some fears in those years, such as a fear of Soviet-Communist expansion and the American troops withdrawal from the post-war Europe.³⁴ The reason of these fears was because of Britain’s weak position at that time. Britain was in a weak position because the financial reserves of the country ran out by reason of the war and also the trade of overseas was harmed. Britain’s Foreign Secretary Ernest Bevin held a meeting on 13 August 1945 and he discussed the future of Western Europe with the Foreign Office. Bevin was very enthusiastic for a Western bloc. “He could hope to reforge Britain’s international relations and many in the Foreign Office wishes to see West European co-operation become a cornerstone of post-war British policy.”³⁵ Although Bevin had attempts to create a Western bloc, there were some

³¹ Ibid.

³² <https://buildsecurityin.us-cert.gov/articles/knowledge/principles/defense-in-depth>. 03.6.14.

³³ <http://www.fsmitha.com/h2/ch23w.htm>. 03.6.14.

³⁴ Young John W., p.7.

³⁵ Ibid. p.1.

problems. The representatives of Board of Trade (BOT), which was an “English governmental advisory body established by William III in May 1696 to replace the Lords of Trade in the supervision of colonial affairs”³⁶, discussed about Britain’s economic independence. According to their opinion Britain had to protect its economic independence as well as its role in the world trade. BOT also believed that a possible European trade bloc would go against with the United States. Nevertheless, with an expansion of the world trade, Britain could revive its exports and therefore would have possibility to import foods and raw materials.

Furthermore, the poor relationship of Britain with France had effected the creation of the Western bloc too. The French President Charles de Gaulle and British Prime Minister Churchill had “an intense love-hate relationship.”³⁷ France was not happy about United States having good relations with Britain. To show its independence of the Anglo-Saxons, de Gaulle went to Moscow on 1944 and signed an alliance with the Soviet leader Stalin. It was anti-German alliance, which Britain had had already. Therefore, the country offered to come together with Soviets and France and sign an alliance altogether. De Gaulle disapproved this offer because he had his own conditions that Britain had to fulfill to make any agreements with France. One condition was the British support of the French desire for a severe peace compromise in Germany. And another was an obligation of the British respect to the two possessions of French in the Middle East, Syria and Lebanon. In the Middle East, Britain did not want to upset Arab nationalists by supporting the French rule in Syria and Lebanon³⁸. The Middle East continued to be an important case in the history for France and Britain. In year 1945, the tensions between France and Syria came to an end and then Britain made a move to divide them. This episode was very humiliating for de Gaulle because if the France had enough resources, it would have gone to war with Britain.³⁹

In January 1946, French leader de Gaulle resigned suddenly and after that French alliance was redefined in the Foreign Office “as primarily a steady influence upon French

³⁶ <http://www.britannica.com/EBchecked/topic/601629/Board-of-Trade>. 04.06.2014.

³⁷ Young John W., p.8.

³⁸ Woodward, *Second World War*, Vol. III (1974), PP. 95-103; J.W. Young, *France , the Cold War and the Western Alliance, 1944-9* (1990), pp. 32, 45-6. Cited in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.8.

³⁹ C. De Gaulle, *War Momoirs*, Vol. III: 1994-6 (1960), p. 192. Cited in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.9.

internal affairs rather than as the foundation for a larger European policy”.⁴⁰ So the Western bloc proposal of the Foreign Office was not willing to be adopted at that time. At the end of the year 1946, the issue of the need for the French alliance on European co-operation was again on the agenda. By this means, it would be a way to strengthen Britain’s diplomatic position worldwide, and as an anti-German security device.⁴¹ France’s demands on Germany were very severe; for example the country wanted to divide the Ruhr and Rhineland from Germany, as it had had in 1919. Britain opposed this demand; because “severing the Ruhr would definitely deprive the future German state of any chance to recover economically and politically, and this would ultimately increase the Soviet Union’s political weight in Europe”.⁴² Also before, in 1922, there was a demand of France to control the state mines of Germany. But it was impossible for Britain; because they were in competition with Germany, as they were both France’s coal suppliers.⁴³ As can be seen from these cases, a settlement was never possible in the Ruhr at the time. Also because the United States wanted the Ruhr to remain in Germany and were willing to revive the economy in Germany, the relationship between France and Britain were not good. “The only real progress made in Franco-British relations in 1946 was the formation of the Economic committee, in September, accompanied by a settlement of financial debts.”⁴⁴

⁴⁰ Young John W..p.9.

⁴¹ Greenwood, ‘Ernest Bevin and Western Union’, p. 334; PRO, FO 371/67670/25. Cited in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.9.

⁴² Milward, Reconstruction, 28. Cited in http://books.google.at/books?id=XaHFAAAQBAJ&dq=ruhr+rhineland+de+gaulle+britain&hl=tr&source=gbs_navlinks_s p.96. 07.06.2014.

⁴³ Ibid. p.96. 07.06.2014.

⁴⁴ Young John W..p.10.

4.2 The Rise & Fall of the Western Union

4.2.1 The Rise

Many problems occurred in 1945 and 1946 about uniting the Western bloc, which were dominated by Britain; such as economic doubts, fears of making the Americans and the Soviets mad and troublesome relationship with France. But in 1947, everything started to change with a successful treaty between France and Britain. This progress had happened because at that time France was governing by Leo Blum, who was a sympathizer of Britain. Bevin and Leo Blum came together in London and on March the Treaty of Dunkirk was signed in Dunkirk in order to prevent a possible German threat, although there were still problems about Germany. The treaty had an importance of being the basis of a broader Western Europe co-operation.

In the same year, four big powers Germany, America, Russia and France met in Germany to discuss the treaty to sign with Germany. It was obvious that problem with Germany finally could come to an end. France agreed to be on the same side with Britain and America, rather than with the Soviets. The reason was because the Ruhr was under the control of Britain and America and if France would be on the same side with them, the country could supply huge amounts of coals easily.

“British Foreign Secretary Bevin told a foreign office meeting on 7 May that, with the Americans pre-dominant in the Western hemisphere and with the soviets dominant in eastern Europe, Britain must organize the western bloc.”⁴⁵ One month later in June, American Secretary of State offered an economic help, in other words, an aid, in order to help European economies to rebuild their economies after the end of the Word War II and prevent themselves from the Soviet Communism. This four-year plan was called as ‘Marshall Plan’, which was open to all continental states, and also it was offered to the Soviets too, although they rejected. As was seen, Europe was divided into two parts, Soviet Union and the Western European countries. With the help of the Marshall aid, the Western European Union could become reality. The United States became very enthusiastic for the Western Unity and its attempt was to “shape Europe in its own image into a large, single marketplace”.⁴⁶ Especially Britain, all other European countries were interested of

⁴⁵ Young J., *Unity of Europe*, pp. 55-6, 60-1. Cited in Young John W. (2000), p.12.

⁴⁶ Young John, p.12.

protecting their own interest. Britain decided to protect its trade and the Sterling Area, which is an important financial position for the country. After the Marshall Plan, “Bevin argued, it was on a different basis from other European countries and should not be ‘lumped in’ as just one more country”.⁴⁷ Bevin had already had the Marshall aid and the country was not opposed to the European co-operation, but what the Foreign Office desired was a co-operation of the Western European countries “a way to improve Britain’s international standing, not as a step towards the loss in independence”.⁴⁸ Bevin’s foreign policy was providing an American dominated area; he needed American support to revive the economy of Europe and therefore prevent the Soviet threat. In brief, Bevin was in desire of creating a third force, which was independent and also equal to the United States.

Bevin’s intentions have always been discussed between scholars. In 1952, Francis Williams who was the biographer of Bevin mentioned that Bevin was always in favour of a potential ‘third force’.⁴⁹ The Iraqi-born British/Israeli historian Avi Shlaim mentioned in his work in 1978 that, Bevin’s aim was “to create a power base in Europe which would allow Britain to act as a superpower”.⁵⁰ Also the author John Baylis believed that, while requiring American assistance to resist Soviet Communism, Bevin wanted to maintain British independence and pursue the leadership of Western European nations⁵¹. Moreover, a British historian John Kent mentioned that, “Bevin tried to organize a ‘Euro- African bloc’ bringing together Western Europe and the then African and Middle Eastern colonies”.⁵² He called this as “the middle of the planet”⁵³ and he thought that the economic resources would be equal to the Soviets and the United States, so that the country could compete with the United States with a better economic system. Bevin began to have more desire to become the third force and therefore in the Trades Union Congress, he mentioned about the need for a customs union between his country and the West. The aim of the Foreign Secretary was to increase the power of Britain. Although Bevin’s wish to have a

⁴⁷ <http://www.marxists.org/archive/saville/1984/xx/bevin.htm>. 08.06.2014.

⁴⁸ Young John W.p.13.

⁴⁹ F. Williams, Ernest Bevin (1952), p.262. Cited in in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.13.

⁵⁰ Shlaim, Britain and the Origins of European Unity, pp. 115-42. Cited in in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.13.

⁵¹ Baylis, Diplomacy of Pragmatism, pp. 73-74. Cited in in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.14.

⁵² J. Kent, ‘Bevin’s Imperialism and the Idea of Euro-Africa’, in M. Dockrill. Cited in http://books.google.at/books?id=jFQBAwAAQBAJ&dq=bevin+euro-african+bloc&hl=tr&source=gbs_navlinks_s p.195. 08.06.2014.

⁵³ Young John W..p.14.

customs union, the economic ministers opposed Bevin due to the reason that the economic union in Europe would be harmful for the important trading role of Britain across the world.

There was a clear tension between Bevin's hopes for a European - Commonwealth customs union, supposedly, tying together manufacturing countries and raw material procedures, and his opponents' arguments that European links would undermine the Sterling Area and Commonwealth trade, by opening these to European competitors, and thus would destroy important bases for British power.⁵⁴

The 'third force' discussions kept continuing in Europe and the need for a Western Union with the support of the United States to resist the Soviet Union became the main issue. In this sense, Britain's Prime Minister Clement Attlee suggested that, the target of his country should be integrating the freedom with a well-planned economy. Finally, On 22 January 1948 in the House of Commons, Bevin expressed:

Our formal relations with the various countries may differ, but between all there should be an effective understanding bound together by common ideals for which the Western Powers have twice in one generation shed their blood. If we are to preserve peace and our own safety at the same time we can only do so by the mobilisation of such a moral and material force as will create confidence and energy in the West and inspire respect elsewhere, and this means that Britain cannot stand outside Europe and regard her problems as quite separate from those of her European neighbours.⁵⁵

4.2.2 The Fall

In term of the rise of the 'third force', Bevin's aim was to increase the power of Britain across the world by making the country stronger. In 19 September 1946 at the University of Zurich, Winston Churchill mentioned about 'the United States of Europe' in his speech:

We must build a kind of United States of Europe. In this way only will hundreds of

⁵⁴ Young John W., .p.15.

⁵⁵ Ernest Bevin, 1948, House of Commons, Official Report.
http://www.cvce.eu/content/publication/2002/9/9/7bc0ecbd-c50e-4035-8e36-ed70bfbd204c/publishable_en.pdf. 02.06.14.

millions of toilers be able to regain the simple joys and hopes, which make life worth living. The process is simple. All that is needed is the resolve of hundreds of millions of men and women to do right instead of wrong, and gain as their reward, blessing instead of cursing.⁵⁶

Churchill continued his speech mentioning about Germany and France in order to strengthen the west:

The first step in the re-creation of the European family must be a partnership between France and Germany. In this way only can France recover the moral leadership of Europe. There can be no revival of Europe without a spiritually great France and a spiritually great Germany.⁵⁷

The Labour leaders of Britain wanted to create a more egalitarian and democratic country. In Britain, the “constitution is extremely simple, and there is an immediate, automatic link between parliamentary majority and control of the Executive”.⁵⁸ Therefore sovereignty was very important. If something had happened that would affect the sovereignty of Britain, this would mean that egalitarian reforms would be difficult too. That was why the left Labours were not supporters of a European integration. “Bevin’s condemnation of European federalism is well known: When you open that Pandora’s box you’ll find it full of Trojan horses.”⁵⁹

The first federal movement to create a European Parliament and the first discussions about the future structure of the Council of Europe were made in the Hague Congress, which was held on 1948 in the Congress of Europe, in the capital city of the province of the South Holland, Hague. The Congress had formed by federalist groups and Churchill as well as the other members of the British Parliament joined in the Congress. But it was hard to create a European parliament at that time; because there were massive differences such as language, social and political frameworks. This view can be seen from what Bevin had said: “I do not think it will work if we try to put the roof on before we have built the

⁵⁶ http://www.coe.int/t/dgal/dit/ilcd/archives/selection/churchill/ZurichSpeech_en.asp. 10.06.2014.

⁵⁷ Ibid.10.06.2014.

⁵⁸ <http://jprevauger.over-blog.com/article-britain-and-europe-1-63904277.html>. 10.06.2014.

⁵⁹ Lord Strang, *Home and Abroad* (1956), p. 290. Cited in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.18.

building.”⁶⁰ According to France, the European co-operation issue should be more supported; otherwise creating a European Parliament would be unreasonable. That was why the French wanted to support this aim. They were thinking that, if there was a wider European market, they could have a better economy. Also because France was invaded by Germany three times in the history, France had a fear about Germany. What the French thought was, if there would be a wider European framework, Germans could be taken under control. “Britain advocated German revival more quickly than France liked, partly in order to hold down occupation costs in Germany and partly because British policy in the ‘Bizone’ had to be dovetailed with that of the Americans”⁶¹.

“The Council of Europe experience and his contempt for the lack of realism on the continent made Bevin doubtful about relying on France, Italy and others as allies.”⁶² It was also because there were political problems and instability both in France and Italy, so that Foreign Office had doubts about them. Moreover there was a fear about the Soviet invasion of Europe, which was why Bevin was uncertain about building a British security in these circumstances.

In terms of British economical situation, it was a well-known fact that Britain had a much better economy than any other European countries. The biggest example in this sense was the coal and steel production. The “vital point was that, half of the trading and financial exchanges in the non-communist world were carried out in Sterling”.⁶³ The Organization for European Economic Co-operation (OEEC) came to being in 1948 from the Marshall Plan. The organization aimed to share the American financial aid and make suitable economic programs for the European countries, which needed reconstruction after the World War II. Next year in 1949, Bevin and the Exchequer Cripps, discussed and agreed on many crucial principles of the future of Europe co-operation. It was obvious that Britain should co-operate Europe, but firstly it must be strong by itself. There was a Communism fear and pressure in the continent, and in case of a European collapse, it was agreed that Britain would have the American support and rebuild itself. In year 1949, Britain thought that the ‘Monnet Plan’, which was the plan of the head of France Jean Monnet, was

⁶⁰ Hansard, HC Deb. 5th Series, Vol. 456, cols 107. Cited in Young John W. (2000), “Britain and European Unity 1945-1999”, New York: St. Martin's Press, 2000.p.18.

⁶¹ Young John W. 2000, p.19.

⁶² Ibid, p.20.

⁶³ Ibid, p.20.

favorable to have closer economic co-operation and also it was seen as a final chance to have good economic relations with France.

In terms of African issues, it believed that it is very hard to integrate Europe to Africa. It was because;

British colonial philosophy, with its fostering of self-rule, was very different to the centralizing policies of the French; colonies already had access to the British market and would simply open themselves up to destructive competition in a wider common market with European states; and it would have taken impossible sums of money to develop African resources in an effective way.⁶⁴

America and the commonwealth had always been vital to Bevin's Western Union.⁶⁵ But vice versa, since 1949, America and the commonwealth became important to establish the economic and political security of Britain. Britain always tried to have good relations with the United States. The two countries acted always together in front of the Soviet threat and in case of German revival. When the Europe was weak in 1948, they needed both economical and military support from the United States. In these circumstances of weaknesses, Euro- African issues, a customs union and a French alliance would not be possible and therefore Bevin saw that the 'third force' was not rational; because it would be a threat to the cohesion of the anti-Soviet alliance.⁶⁶ Britain was in the condition that it did not have enough resources and therefore it could not be a master to defend Europe and become the third force, although Europe was waiting for that.

⁶⁴ Ibid. , p.22.

⁶⁵ Ibid.

⁶⁶ See, Young John W..p.22.

5. ROAD TO THE EUROPEAN INTEGRATION

5.1 The Schuman Plan

“Europe will not happen overnight, or as part of some grand design; it will come about in practical steps, building on a sense of common purpose.”⁶⁷

Robert Schuman

The Schuman Declaration was proposed on 9 May 1950 by the French Foreign Minister Robert Schuman. The aim of the declaration was to merge the coal and steel industries of France and West Germany under one single authority. The plan of creating the European Coal and Steel Community (ECSC), which was called the Schuman Plan and would change the European policy, was first put forward by the French Prime Minister after 1948.

The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims.⁶⁸

The Declaration was formed by Jean Monnet and some other officers. The principles were discussed in French Cabinet and later in 1950 they were agreed as the State Policy of France. The Schuman Plan would make France acknowledge the Federal Republic of Germany as an equal trading partner and the responsibility for both countries' coal and steel industries being handed over to a supranational authority.⁶⁹

Because of the creation of the government of the West Germany, Germany started to be the part of the Western alliance and that was why French desire to control Germany was

⁶⁷ http://www.cvce.eu/content/publication/2002/8/26/db009f9b-7f92-4c22-ac84-fd702a4dbf1b/publishable_en.pdf. 10.06.2014.

⁶⁸ The Schuman Declaration, 1950. http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm. 10.06.2014.

⁶⁹ <http://testpolitics.pbworks.com/w/page/20734320/The-role-of-Robert-Schuman-and-the-Schuman-Declaration#TheSchumanDeclaration>. Cited in Dinan, D.(2005).Ever Closer Union: An Introduction to European Integration. Basingstoke, Palgrave Macmillan. 10.06.2014.

increased, although it was nearly impossible. Coal and steel were the two main important sources for the industry and the economy. Jean Monnet made a scheme that was planned to have a high authority to control the coal and steel industries and therefore to have good relations with Germany in order to prevent a war with France and in order to have coal supplies.

There are some points to mention about Britain when the Schuman Declaration was proposed. For example, the scheme of Jean Monnet did not contain Britain as a member. Also France could not form a continental customs union without Britain, because Britain was the major industrial power. “The Schuman Plan showed that France and Germany could seek a rapprochement without Britain, and the plan offered to make Germany- not Britain- the industrial power which could balance the largely agricultural economies of France, Italy and Holland and so produce a meaningful customs union.”⁷⁰

Jean Monnet was very clear about his thought of supranationalism and he found it very logical to control Germany by treating it as equal. The British membership was not a priority for him and “having got West Germany’s commitment to the plan, he and Schuman were not willing to put supranationalism at risk in order to please the British. But joining to plan was not easy for Britain”.⁷¹ Britain was first enthusiast about the plan, but then this changed, because the country realized that if they supported the plan, it would mean an abandonment of Britain in terms of controlling the authority. Churchill believed that, if the British Committee could produce suggestions by which the EU Powers may be guided in setting up their organization, then Britain would regain its lost initiative. If not, then Britain would have no influence in Europe and would become just an island outside the Europe.

The historian of European Affair, Alan Milward, mentioned in the history of Britain's involvement with European integration that;

The arguments that weighed in the balance against joining the Schuman Plan negotiations came from the Foreign Office: that by entering into the commitment to supranationality the United Kingdom would be accepting obligations to its

⁷⁰ Young John W. (2000), .p.27.

⁷¹ Young John W. (2000), .p.30.

European neighbors which would reduce its independence from, and thus its status and influence with, the USA, while at the same time weakening its links with the Commonwealth and thus even further reducing its influence over the USA. The foundations for Britain's post-war national strategy would have been shattered by accepting the concept of supranationality.⁷²

According to the studies of Christopher Lord;

The fact that Britain's ability to influence developments in Europe was now much reduced: it was no longer required as an arbitrator between France and Germany; it now found France to be a genuine rival as the political leader of Western Europe... and Britain ran the risk of growing further and further apart from the Schuman Plan states as time went on.⁷³

Edmund Dell, a British academic, politician and the member of the European Commission, mentioned that, "Britain's rejection Schuman's proposal amounted to an abdication of leadership in Europe".⁷⁴ That was why, "the Schuman Declaration was nothing less than "a dramatic reassertion of French leadership on the Continent".⁷⁵

Because of the aim of organizing free movement of coal and steel and free access to sources of production between France, West Germany, Italy and the Benelux countries Belgium, the Netherlands, Luxembourg (so called the Six), the ECSC was established in 18 April 1951 by the Treaty of Paris. The Community was the first step towards European Union and provide a permanent peace in Europe and a way to pretend a potential war.

⁷² Desmond Dinan, *Europe Recast. A History of European Union*. London, Palgrave/Macmillan, 2004, 371 p.

⁷³ Young John W p.31.

⁷⁴ Desmond Dinan, *Europe Recast. A History of European Union*. London, Palgrave/Macmillan, 2004, 371 p

⁷⁵ Ibid.

5.2 The European Defence Community

The European unity started to face with a new problem of the German rearmament after the Schuman Plan. Dean Acheson who was the United States Secretary of State made a proposal in New York to Bevin and Schuman after the Korean War, which was in 1950. The proposal was about the creation of the West German army. The Secretary of State made a proposal to these two countries; because they did not want to be alone during the Western defence as the NATO defences were very weak. This proposal of creating a German army created a fear in Europe and also in Germany too. The German leader Konrad Adenauer stated that he was being forced to create a new army for Germany and he was against the rearmament of Germany because he knew that this would bring conflict in Europe.⁷⁶ However, Bevin did like the idea and he wanted to support the United States. He told that it could take some time to create a German army and also it should be under control. In France, Schuman was against to the idea and therefore the meeting in New York did not have a result. “This was in contrast to each country’s attitude towards the principle of supranationalism in the Schuman Plan, and gives the lie to arguments that the British cannot accept a principle in isolation from its result.”⁷⁷ French had a fear of Germany having an army and that was why the Franco-German relations in the Schuman Plan were at risk. France came up with a solution to deal with the military problem. The solution was the ‘Pleven Plan’, which was proposed by the French premier Rene Pleven in 1950 to create the European Defense Community (EDC). The plan was to create a supranational European army and let Germany to rearm as a part of this European army. The plan was created mainly by Jean Monnet and his aim was the German rearmament without giving any military independence. Britain could not be the part of the Pleven Plan after the rejection of the Schuman Plan. Bevin thought that the plan was the aim of the France to control Germany and become a leader of the Europe. That was why he proposed to “seek an Atlantic Federal or Confederate Force which would control German rearmament without creating a continental bloc under French leadership”.⁷⁸

At the end of the year, a NATO Council meeting was held and German rearmament was accepted just in principle. France held a conference in Paris with West Germany, Italy,

⁷⁶<http://www.aandbwiki.com/Failure%20of%20the%20European%20Defense%20Community.html>.14.06.2014.

⁷⁷ Young, J., p. 33.

⁷⁸ Ibid. P.34.

Luxembourg, and Belgium to talk about the European army. Britain did not attend in the conference and just sent an observer. Few months later Bevin's successor Herbert Morrison accepted the idea of the German rearmament to improve relations with the continentals. Morrison met with Schuman and Acheson in Washington in year 1951 to talk about "the inclusion of a democratic Germany...in a Continental European Community, which itself will form part of a constantly developing Atlantic Community"⁷⁹ and they agreed on German rearmament.

Britain started to see its previous failures about the European co-operation as missed opportunities and therefore British Cabinet members believed that Britain possibly become more 'pro-European' and also become the leader of Europe. However the British Foreign Secretary Anthony Eden told that Britain could not join the European army. He was thinking, "some middle way could be founded between the inter-governmental co-operation followed by Labour and the supranationalism of Monnet".⁸⁰ In terms of Conservatives, neither ministers and officials nor public could see any opportunity of joining supranational organizations in Europe. Also Churchill declared that he had never thought Britain becoming a part of the Federation of Europe. He wanted Britain to become the leader of the Europe again and that was why he wanted EDC to fail for the country's sake. But ironically, Eden persuaded the Cabinet about the EDC being the only way for the German rearmament. What Eden wanted to do was to encourage the idea of the European army in order to prevent others saying that Britain would sabotage the EDC and also make relationships of Britain with Europe permanent. "Eden was in no sense narrowly anti-European. But he did stress the established props of Britain's great power status and feared that these were incompatible with full participation in an insular Europe."⁸¹ The Foreign Office summed up the policy of Eden as:

We are ready to play an active part in all plans for integration on an inter-governmental basis; defence considerations, our Commonwealth connections and the Sterling area inhibit us from subordinating ourselves... to any European

⁷⁹ Ibid.

⁸⁰ Ibid., p.35.

⁸¹ D. Dutton, Anthony Eden (1997), p. 312. Cited in Young John W. (2000), "Britain and European Unity 1945-1999", New York: St. Martin's Press, 2000.p.36

supranational authority; nevertheless we have assured (the Six) of our goodwill and our wish to be associated with their work, short of actual membership.⁸²

Nevertheless in January 1952 in Columbia University, Eden gave a speech and he mentioned that Britain could not join a federal Europe and he said that, “this is something which we know, in our bones, we cannot do.”⁸³ In May, a treaty was signed in Paris between the Six and it was agreed to create the European Defence Community. Eden wanted to tie Britain with the Six and the Council of Europe; that was why he came up with a proposal, which was called the ‘Eden Plan’.

The creation of a European army was still a question in Europe. The EDC Treaty was signed but in order to go into effect, it had to be ratified first. It was discussed if the rearmament of Germany was legal or not, that was why there was a delay about the decision. At that time, France had doubts about the potential European army and opposed German rearmament. They thought that, because Stalin died in 1953 and the Korean War was finished, there was no need for a strong Western defence. The ideologies of the protected German would be protected against communism. There was a point that a rearmed Germany posed an extremely great threat to French.⁸⁴ France believed that because Britain was the major power in terms of military, it could help France to control Germany. Consequently, France wanted to have good relations with Britain in order to assure its security. “The idea of rearmament was no longer serving the interest of the European community and event its own purpose of ensuring a safer Europe.”⁸⁵ These were the reasons why France submitted the EDC Treaty to the French National Assembly in 1954. The results showed that votes were against the ratification of the EDC and therefore the treaty came to an end.

After the failure of the EDC, Eden called the Six to a conference in London and proposed a new scheme for European co-operation. It was an extension of the Brussels Pact in 1948 and therefore it would be the ‘Seven’. The aim of Eden was linking Britain with the other

⁸² Ibid., p. 36.

⁸³ http://books.google.at/books?id=-e8XDLDMPQC&dq=eden+columbia+1952+our+bones+we+cannot+do&hl=de&source=gbs_navlinks_s. 14.06.2014.

⁸⁴ <http://www.aandbwiki.com/Failure%20of%20the%20European%20Defense%20Community.html>. 14.06.2014.

⁸⁵ Ibid.

six non-supranational bodies and also this would give Britain the power to control the developments in the future. The London Conference was held and the proposal of Eden was accepted from the Six in 1955 as the 'Western European Union'. After the Conference, Bevin had been seen as the rescuer of the Western alliance.

5.3 British Applications of the European Economic Community

5.3.1 The Challenge of the Free Trade Area

In April 1955, Anthony Eden became the Prime Minister of the United Kingdom. Britain had its success in military field with the French acceptance on the Western European Union and the German rearmament. There was a need which had emerged between the Six: the need of a 'customs union'. To discuss this idea, the ECSC countries held a Conference in 1955 at the Italian city of Messina, Sicily. It was agreed that there should be further works to relaunch the European integration. Therefore three Benelux countries proposed a 'BeNeLux Memorandum' in 1955 to revive the European integration on the basis of a common market. As the result of the Messina Conference, The Spaak Report was proposed in the inter-governmental Spaak Committee, which was an intergovernmental committee in 1956. The Spaak Report was presented to the Six in order to establish European common market based on customs union and European Atomic Energy Community (EURATOM) under the chairmanship of Belgian Prime Minister Paul-Henry Spaak.

"The Foreign Office decided to follow its established policy: to stay outside the Messina process and associate with any bodies which emerged."⁸⁶ But the Six would not accept Britain to be the part of a supranational body. Harold Macmillan, who was a Pro-European, became the Foreign Secretary. Macmillan accepted the invitation to talks and sent a representative to the Spaak Committee. The Cabinet clearly stated that "there was no prior commitment to accept the results".⁸⁷ In 1955 Britain started to distance itself from the Spaak Committee because "The United Kingdom certainly did not want to end up with a Common Market based on a customs union with an external tariff, which could harm its

⁸⁶ Young, p.41.

⁸⁷ Young, p.41.

privileged trading position in the sterling zone and with the Commonwealth”⁸⁸. British ministers wanted to withdraw from the Committee. After the withdrawal, Britain proposed an alternative to the main idea of the Spaak Committee; the common market. The alternative plan was based on more a free trade area and accepted by the economic policy committee.

Ministers did not like the idea of being the part of a European Atomic Energy Organisation. It was because they believed that such membership of the organisation would disturb the atomic weapons programme of Britain. Moreover it could also damage the relationship with the United States about nuclear elements and there could be a nuclear danger. Also United States and the West Germany did not like the idea of the common market as well. But mostly Britain did not like the ideas of the Spaak Committee. Besides, countries in the Spaak Committee frightened about a possible sabotage from the British because the British was not happy about the Committee. “There was no real attempt at sabotage: rather than being hostile to the Six... they were attempting to pursue a policy which allowed the British to keep all options open.”⁸⁹

In 1956, the ministers of the ECSC resulted the Spaak Committee and decided to make two treaties. They were the decision of the establishment of EURATOM and the European Economic Community (EEC). These two treaties were signed later on 25 March 1957 between the Six and came into force in 1958. “Having tried in vain to undermine the current negotiations between the six Member States of the ECSC, which they viewed as ‘Little Europe’, the British then decided they would prefer to establish a regional free trade zone excluding agricultural products, a project known as Plan G.”⁹⁰ The Plan “sought to keep the Six and other OEEC countries together, minimising ill-effects on Britain of a continental customs union from which it was excluded”.⁹¹ Spaak was frightened about the British plan and refused to see the plan as an alternative. But the Plan was not an alternative to the EEC and had no attempt on economic integration. It was a plan, which based of a free trade area (FTA). But As Elizabeth Kane has mentioned;

⁸⁸ http://www.cvce.eu/content/publication/2007/3/9/45d67f5a-9285-48f3-a2e2-6d81236ef8b9/publishable_en.pdf. 14.06.2014.

⁸⁹ Young, P, 45.

⁹⁰ http://www.cvce.eu/content/publication/2007/3/9/45d67f5a-9285-48f3-a2e2-6d81236ef8b9/publishable_en.pdf. 14.06.2014.

⁹¹ Young, p.46.

Plan G was a genuine attempt to improve relations with Europe but it was a compromise policy, adopted only because there was no agreement in the government as to whether to pursue a policy based on the commonwealth and Europe as dynamic forces...or to base policy on Europe at the expense of the commonwealth.⁹²

For London, the aim of the free trade area were:

- Giving the United Kingdom a more clearly defined position if the Imperial Preference system with the Commonwealth were maintained,
- Confirming its dominant role in the OEEC,
- Enabling it to retain influence over the development of European integration through close links between the free trade area and the Common Market.⁹³

The free trade area would bring the British “abolish obstacles to trade between the member countries of the area for industrial products only, while maintaining for each of these countries an individual customs tariff vis-à-vis countries outside the area”.⁹⁴

Then finally in January 1957, a report was presented by the OEEC and it was about the creation of the free trade area. In the next month, they decided to have negotiations about the establishment of the free trade area within Europe. The FTA did not have much to offer to the Six in economic terms; because the British had little interest in European political integration. The FTA meant that; “the Commonwealth could expose European goods coming into Britain to competition which British goods entering the Common Market would not suffer”.⁹⁵ That meant that the British would be the one who gain the most. About the attitude of Britain Professor Robert J. Lieber stated that “Britain overplayed her...bargaining position in the negotiations”.⁹⁶

The need for the FTA was linked with Britain’s economic position. Britain had balance of payment problems since years and also a lower growth comparing to other countries. It was always trusted on world trade and kept its strong currency. “But overseas liabilities

⁹² E. Kane, ‘The Myth of Sabotage: British Policy towards European Integration (1955-1956). P.300. Cited in Young, p. 46.

⁹³ http://www.cvce.eu/content/publication/2007/3/9/45d67f5a-9285-48f3-a2e2-6d81236ef8b9/publishable_en.pdf. 14.06.2014.

⁹⁴ Ibid. 14.06.2014.

⁹⁵ Young, p. 53.

⁹⁶ Ibid.

restricted growth at home, and Britain's share of world trade fell in 1950-5 from 25 to 20 per cent.”⁹⁷ Eventually, Britain was in an economic failure and that was why investments were too low and consumer spending was too high. Therefore it was seen that Britain was bound up with Europe. In this sense, according to the view of Miriam Camps who was the British author and the member of the European Community, FTA “represented a real and substantial shift in the British government's attitude towards Europe”.⁹⁸ Macmillan was frightened about the possibility of the establishment of a closed economic bloc that could harm British trade.

With the Plan G, Member States could establish trade policies to have relations with other countries. “In this way, the United Kingdom would be able to maintain its imperial preferences with the Commonwealth.”⁹⁹ The British Government's Paymaster General Reginald Maudling took the charge of the talks for Britain and set up a committee to establish a large free internal market. “He also proposed to introduce controls on the origin of industrial products in order to counter the risk of deflection of trade.”¹⁰⁰ Maudling had sympathy for supranational approaches to European co-operation and Macmillan hoped that Maudling could also have the sympathy for the Germany and the United States to create an FTA.

The French, as usual, did not like the idea of Britain. The other European countries were confused and had no idea about which side they should support. In the meantime Germany and the Netherlands started to become optimistic about the British plan. Benelux countries and Germany wanted to have good trade relations with the United Kingdom but also they knew that a free trade area could bring some problems. These problems were as an “economic element - in the absence of a common tariff, the more liberal countries would benefit more than the protectionist countries - and a political element, for the idea of a European federation would be sidelined if the free trade area succeeded”.¹⁰¹ Even British ambassadors believed that “the FTA would be questioned and it might not prevent the EEC becoming a political-economical group (perhaps dominated by Germany), which would be

⁹⁷ Ibid., p. 54.

⁹⁸ Ibid., p. 55.

⁹⁹ http://www.cvce.eu/content/publication/1997/10/13/24be7640-f29c-41ba-8a2d-59d608ab1cc0/publishable_en.pdf. 14.06.2014.

¹⁰⁰ http://www.cvce.eu/content/publication/2007/3/9/45d67f5a-9285-48f3-a2e2-6d81236ef8b9/publishable_en.pdf. 14.06.2014.

¹⁰¹ http://www.cvce.eu/content/publication/1997/10/13/24be7640-f29c-41ba-8a2d-59d608ab1cc0/publishable_en.pdf. 14.06.2014.

more powerful than Britain and could create a 'third force' independent of NATO".¹⁰² According to the EEC countries, an important issue of the trade deflection needed to be solved. "Trade deflections arose because, unlike the common market, which had a common external tariff on imports from outside, the free trade area would allow members to pursue their own trade policies with the rest of the world."¹⁰³ This means, imports from the other countries outside the free trade area could enter to a member state with low external tariffs, but could also be traded within the free trade area. But France and Italy had high tariffs and therefore this would not be possible for them to accept it, because it would mean they would open their markets to a big competition.

After the EEC was formally created in 1958, in February France proposed a move towards the free trade area in the EEC, which was a quicker move than the FTA. Also "France wanted to trade between the EEC and the rest of the OEEC to be freed only on a restrictive basis".¹⁰⁴ This move clearly showed that there was a split in the OEEC. The finance minister of Italy, Guido Carli, proposed that "external tariffs in the FTA should be kept within a certain 'band', thus minimising trade deflection".¹⁰⁵ But it founded "too complicated to be practical"¹⁰⁶. Britain rejected the proposal of Carli and also stated that if the FTA failed, there could be moves against the Six.

When General Charles de Gaulle became the president of France on June 1958, he and the German Chancellor rejected the British plan for a free trade area. Macmillan started to make pressures on de Gaulle to approve the FTA and also to avoid the Western European economic division, but he did not get an answer from de Gaulle. Macmillan was very sure about the French attempt to exclude the United Kingdom and also he believed that de Gaulle was trying to become the hegemony of Europe. Because of this reality, Macmillan warned de Gaulle about the division in the Western Europe. Both countries knew that their policies are a threat among them. Britain was afraid because of a possible exclusion from a politico-economic bloc from Europe, because it would damage the trade in Britain. "The French feared that the EEC, carefully constructed to protect French political and economic interests and to limit German power, would dissolve in a wider FTA; they did not believe

¹⁰² Young, p.56.

¹⁰³ Young, p.57.

¹⁰⁴ Young, p. 58.

¹⁰⁵ Ibid.

¹⁰⁶ R. Lamb, *The Macmillan Years: The Emerging Truth*, p. 116. Cited in Young p. 58.

that Britain was committed to a European future”.¹⁰⁷ The French told to the British that a free trade area was not possible. The British thought that maybe Benelux countries and Germany could change French’s minds but de Gaulle persuaded Germany too. When the other EEC countries saw that France and Germany were on the same side, they did not want to oppose with them. The British did not have any chance to convince the EEC countries, so decided to cope with the common market, which was about to come into effect in January; because it would be the end of the FTA.

Later in 1958, Britain decided that the country should pursue a form of FTA without the Six, because otherwise some countries such as Denmark could seek EEC membership and therefore British trade could be restricted. Britain did not want to harm Commonwealth trade or threaten its independence. The Federation of British Industry established agreements with industrialists in Scandinavia, Austria and Switzerland. Then, the first meeting was made on 21 February in the capital of Norway, Oslo, with the ministers of the so called ‘Seven’ which were Britain, Switzerland, Sweden, Norway, Portugal, Denmark and Austria. As a second meeting, in March, Sweden’s Hubert de Besche, who took the leading of the development of the industrial FTA, visited all the capitals of the Seven. Britain’s aim to create the Seven was to provide a power arrangement in order to put Britain in a strong position for the talks with the Six. On May, it was decided to make a Seven-power FTA and the progress was fast because the countries had already agreed about the structure of it. Then they met in the capital of Sweden, Stockholm in June to talk about the details. They also wanted to satisfy the National Farmers’ Union, so “Britain need to include bacon, cheese and some other agricultural products in the FTA to ensure Danish membership”¹⁰⁸. Macmillan knew that if they would not be successful, they would be “eaten up, one by one, by the Six”¹⁰⁹. After Macmillan became the Prime Minister again in 1959, the OEEC member countries United Kingdom, Denmark, Norway, Sweden, Austria, Switzerland and Portugal, decided to set up a Convention and proposed the new idea of a smaller free trade area “that would give them some of the benefits of eliminating customs barriers”.¹¹⁰ Although there were attempts to delay the results of the Treaty of Rome, the Stockholm Convention that created European Free Trade Association (EFTA) was signed on 4 January 1960 in the capital of Sweden. The Convention was signed

¹⁰⁷ Young, p. 60.

¹⁰⁸ Young, p. 63.

¹⁰⁹ Macmillan, *Pointing the Way*, pp. 50-4. Cited in Young, p. 63.

¹¹⁰ http://www.cvce.eu/content/publication/2007/3/9/45d67f5a-9285-48f3-a2e2-6d81236ef8b9/publishable_en.pdf. 14.06.2014.

between seven founding members, the United Kingdom, Denmark, Norway, Sweden, Austria, Switzerland and Portugal. With the EFTA, Britain opened its markets to a greater competition by lowering tariffs with the Seven. But in the 1960s the trade in Britain grew faster with the EEC than with the EFTA. That was why Gladwyn Jebb recommended concentrating on securing a deal with the EEC. But it could not be made between the Six and the Seven and as a result Western Europe started to separate into trading blocs.

5.3.2 Discussions About the EEC Membership

The new organization, EFTA, did not welcomed by the United States. United States was seeing EFTA as a discriminatory trade bloc and as harmful to American exporters. Also the United States did not want EFTA to make a trade deal with the EEC, because that could damage American exporters. The EEC thought that it would be dangerous if Britain excluded from the European policy. In October 1959, the European Economic Association was formed and it became possible to begin the British application to join the EEC. There was a Cabinet meeting on 15 December 1959 and in the meeting it was decided to look for a trade liberalisation under the General Agreement on Tariffs and Trade (GATT) and therefore it was planned to keep the Six and the Seven together. Macmillan wanted to have better relationship with Adenauer, because Adenauer could have make the French accept the FTA, but he could not succeed. “Adenauer felt Britain to be like a rich man who had lost all his property but does not realise it”.¹¹¹

In terms of the British application to join the EEC, Macmillan knew that the political significance of the Six and Britain was in a decline. Also Britain had a fear that EEC would still develop under the control of London. Also it was obvious that, the Six did not seem to be ready to deal with the EFTA. Finally, in November the ministers of the EEC decided to have meetings to discuss about the international issues. However British relations with France was not fine. It was hard to win de Gaulle in any case and de Gaulle wanted to hold the leadership of the EEC. Also France was having good relations with Germany and thought that Britain was dependent on the United States.

In 1960, there were social divisions, economic failure and loos of purpose in Britain and therefore there was a depression in the country.

¹¹¹ Quote from T. Prittie, Konrad Adenauer (1971), pp. 263-4. Cited in Young, p. 63.

Sir Frank Lee and the Committee believed EEC membership - however difficult it might be to achieve - could stimulate growth, attract US investment, allow larger scale production and force industry to become competitive; politically, membership would promote political stability in Europe, strengthen the Franco-German link and bolster Britain's world position.¹¹²

However there was a fear that the United States would treat the EEC more vital than the United Kingdom. The president of the United States, Dwight David Eisenhower, told Macmillan that if Britain would not join the EEC, special relationship between Britain and the United States would decline.¹¹³ Also the British knew that EEC would always stay but EFTA would be always limited and so there should be some arrangements with the Six. There was a pressure for Britain about moving more to Europe and also Federation for British Industry moved in favoured of EEC membership because they had a fear of a decline in the Commonwealth trade. At the end of the year, Macmillan proposed a memorandum called 'The Grand Design'. "It was a plan of action for the West, to secure unity against the Communist threat, but also to deal with Britain's economic and military decline, notably by maintaining Britain's nuclear deterrent."¹¹⁴ He needed to maintain the alliance of the United States to link EEC and EFTA together and also needed to win over de Gaulle. The United States was critical about both de Gaulle and Britain in terms of their attitudes and commitments. Macmillan met with de Gaulle and he tried to tempt him with US-British-French 'tripartite co-operation' talks and nuclear co-operation and also mentioned that Britain was ready to enter the EEC. De Gaulle accepted Macmillan's talks and approved for "an Anglo-French exchange of views on Europe"¹¹⁵.

If Britain would remain outside the EEC, it could "damage the Commonwealth cohesion because the Community would become a more powerful politico-economic bloc than Britain, which would thereby lose its ability to protect Commonwealth interests".¹¹⁶ The Commonwealth trade was not good in the country but there was a still strong Commonwealth lobby. The Commonwealth was a way to protect the members from the danger of the Communists and also it was seen as a way to show the United States that Britain was important and precious for the security of the Western Europe. Richard Lamb

¹¹² N. Beloff, *The General Says No* (1963), pp. 84-90. Cited in Young, p. 66.

¹¹³ See K. Middlemas, *Power, Competition and the State*, Vol. II: 1961-74 (1990), p. 33.

¹¹⁴ Young, p. 68.

¹¹⁵ Ibid.

¹¹⁶ Ibid. P.70.

stated that; “Macmillan was living in a dream world, blissfully ignoring the fact that the French would not consider allowing Britain to join the EEC unless she abandoned Commonwealth preference and her cheap food policy”¹¹⁷.

5.3.3 First Application to Join the EEC

British decision to apply to the EEC was accepted in July. The Secretary of State Edward Heath stated that Britain was ready to accept all parts of the Treaty of Rome and he also demanded some special terms for the Commonwealth both to protect the EFTA and to access in the EEC. The negotiations about these issues went slowly; because the Six first had to talk and negotiate the issues among themselves and then later talk with the British. And also at the same time they were dealing with other issues such as the Common Agricultural Policy (CAP). The CAP was a problem to the British because “it threatened to restrict cheap agricultural imports from the Commonwealth (which historically had helped Britain to hold down its cost of living) and force Britain to buy more expensively from Europe; it would, weaken the cohesion of the Commonwealth”¹¹⁸. Also Britain could not benefit from the CAP because its agricultural sector was small. They needed to ‘Mind the CAP!’

De Gaulle pointed out in a conference his desire of being independent from the United States. Also he did not want supranational bodies but a ‘Europe of States’¹¹⁹. He was ambiguous to Britain as always and Macmillan hoped to build a co-operation of the idea of a non-supranational Europe with him. De Gaulle had concerned about the British relationship with the United States and the Commonwealth. According to Macmillan, Britain wished to work with France and West Germany in order to balance the power of the United States. De Gaulle was impressed by Macmillan’s thoughts and he was affected from the hope of “the cooperation with Britain on nuclear weapons”¹²⁰. For France, the unity of the EEC was more important than the British membership. However not had been agreed yet, the French forced Britain and asked them to pay all their earnings to the EEC from trade tariffs after the membership. Britain still had hopes of entering the EEC but it was obvious that there would be no rapid agreement and also Macmillan knew that he had to face a difficult Commonwealth conference. In the conference of the Commonwealth,

¹¹⁷ Lamb, Macmillan Years, p. 143. Cited in Young, p. 70.

¹¹⁸ Young, p. 72.

¹¹⁹ http://ghdi.ghi-dc.org/sub_document.cfm?document_id=1162. 14.06.14.

¹²⁰ Young, p.74.

which was on September, Macmillan mentioned that Britain would be stronger and would defend commonwealth trade within the EEC, but the countries in the conference feared for their future trades with Britain. The conference agreed on Britain's continuation on its application. In the Labour Party there was a part which believed that the EEC would improve the economy of Britain and also there was the part of left wingers who hoped to create a "third force that could stand up to the superpowers"¹²¹.

The French criticized Britain's lack of entering Europe. There were always delays in the progress and the problem was that Britain could not afford to delay however France could pay. "According to George Ball, Adenauer now asked the Americans, 'you don't think for a moment that Harold Macmillan is... ready to enter Europe do you?'"¹²² Macmillan had some problems about the nuclear issue. "This was because de Gaulle supported genuinely independent nuclear forces in France and Britain, which America could not control; but Britain, unable to develop its own missile to carry nuclear warheads, had for sometime planned to buy a US system."¹²³ Macmillan had to preserve the nuclear deterrent otherwise Britain would be very powerless. It was obvious that Britain had to maintain its international status. De Gaulle believed Britain was not independent, but US dominated, a potential Trojan horse for American influence in the EEC.¹²⁴ The EEC countries had a meeting in Brussels in order to talk about Britain's hopes of joining the nations on the Parliament and the unified economic fund. Five of the member nations welcomed British participation, but in France de Gaulle turned his thumbs down. In Belgium, Spaak told that French's attitude was outdated nationalism. It was obvious that de Gaulle wanted to lessen the influence of both Britain and the United States in the European affairs. Other EEC countries were blaming the French for the breakdown but also they were not opposing the French because France was very important for the future of the EEC.

The EEC application was seen as the victim of the Europe vision of de Gaulle's. The aim of de Gaulle was not the collapse of the Western alliance, however he wanted to maximize French independence of the US. "He did not want to lose power to Community institutions either, but he believed that economy co-operation among the Six, together with a close

¹²¹ Young, p. 75.

¹²² G. Ball, *Discipline of Power* (1968), p. 83. Cited in Young, p. 76.

¹²³ Young, p. 76.

¹²⁴ See Young, p. 77.

Franco-German alliance, would provide the means to equal American power.”¹²⁵ France looked forward hopefully to be a dominant force in the Europe's economic and defensive fund. Prime Minister Macmillan told his countrymen that de Gaulle was threatening all of the progress that Europe had made since World War II. It was a critical period in England's history. According to de Gaulle, the main problem with the EEC membership was the Commonwealth. "It would not be possible to make exceptions in favour of the Commonwealth beyond a certain point consistent with the economic structure of the Community”.¹²⁶

Prime Minister Macmillan hoped to convince de Gaulle that they could work together to match the US power. It was because the British realized that their own resources were in struggle and the Commonwealth links were becoming weaker. Therefore they had a fear that the Americans would not see them as sincere partner. The British also proved that they were ready to join in the European economy integration. The application process for EEC membership was very slow and “the application talks became bogged down into technical details and Macmillan was never ready to sell membership as an idealistic step, preferring instead to underline the continuity in British policy: EEC membership was to prop up British power, revive it's economy, leave its sovereignty intact, and allow Britain to make the Community open to outside trade”¹²⁷. The analysts have argued that if negotiations could have been completed before late 1962, de Gaulle might have found it impossible to wield his veto and also Britain could have handled their application better, making it difficult for him to use the veto.¹²⁸

5.3.4 The Second Application for the EEC

In 1964 Harold Wilson became the Labour premier and had no interest of entering the EEC. And even the Conservatives it is believed that, entering in the EEC was not possible in existing circumstances. The Foreign Secretary Patrick Gordon Walker believed that Britain

¹²⁵ Young, p. 78.

¹²⁶ Sir Pierson Dixon's report of a meeting with de Gaulle, 22 May 1962. Cited in <http://bus.lsbu.ac.uk/resources/CIBS/european-institute-papers/papers1/295.PDF>. 17.06.2014.

¹²⁷ Young, p. 79.

¹²⁸ See Young, p. 79.

“must base its policy on the alliance with the US and wanted to treat the EEC simply as a neighbour”.¹²⁹

There were pressures in the country to join the EEC. The other five EEC members except France who were called as the ‘Friendly Five’ were seem sympathetic to resolve their relations with Britain and also Britain was willing to end the trade competition in Western Europe. The attempt to link the EEC and EFTA together was failed and “policymakers conceded that British entry to the EEC was the only way forward”.¹³⁰ The deputy leader of Labours, George Brown, hoped to create a politically integrated Europe that could resist to the Americans and the Russians. The prime minister knew that although Britain had close relationships with America, it always remained as a secondary importance for the US. Also he believed that “the difficulties of staying outside Europe and surviving as an independent power are very great compared with entering on the right conditions”.¹³¹

Walter Hallstein in 1965 proposed for the financing of the CAP. In 1966, “the establishment of the Common Market was to involve the application of majority voting in the Council of Ministers”¹³². Also there was an attempt to create a move towards supranationalism and extending powers beyond national borders. France disagreed with all the policies and “General de Gaulle criticised Walter Hallstein for having prepared his budgetary proposal without prior consultation of the governments of the Member States and for having acted like a Head of State”¹³³. They refused any solution based on compromise and announced that France would not take seats in the Council of Ministers. This was known in the European history as the 'Empty Chair Crisis'. “This crisis was resolved in the Luxembourg Compromise (January 1966), which stated that ‘when vital interests of one or more countries are at stake members of the Council will endeavor to reach solutions that can be adopted by all while respecting their mutual interests’.”¹³⁴ The behavior of de Gaulle was seen dangerous and threatening to destroy the EEC. According to Wilson, if supranationalism would reduce, the membership of the common market would be more delightful. “Wilson stuck to his preferred tactics after the election, telling

¹²⁹ Young, p. 82.

¹³⁰ Ibid., P. 83.

¹³¹ Crossman, Diaries, 9 February 1966. Cited in Young, p. 84.

¹³² http://www.cvce.eu/content/publication/1997/10/13/f6d19361-9a7a-4e39-ae93-0f898e652d85/publishable_en.pdf. 17.06.2014.

¹³³ Ibid. 17.06.2014

¹³⁴ http://europa.eu/legislation_summaries/institutional_affairs/treaties/treaties_introduction_en.htm. 17.06.2014.

newspaper owner Cecil King in April that the Foreign Office wants to support the Five against France but that it was best not to take sides particularly as the French are intent on maintaining a separate foreign and defense policy which fits in best with British ideas.”¹³⁵ In the beginning of the year, Prime Minister Wilson was keen on entering the EEC. In 1966, others in the government believed that EEC membership would make the food prices expensive, create a capitalist trading bloc, a rush of imports from Europe, loss of national control over economy policy and lower living standards.

The new Cabinet Committee was established in order to keep comprehensive review under political, economic and new military relations with Europe. The Committee made its first meeting in 1966. The attitude of France was very uncertain and hostile to Britain, so Britain first had to improve its economic performance in order to enter the EEC. It was possible to have one more ‘Non’ from de Gaulle like it was in 1963, and if it had happened, it would be very humiliating for Britain. The French Premier George Pompidou came to London and Britain was sure that France would accept their EEC entry. But the French stated that the devaluation of Sterling might be necessary before Britain joined the EEC.¹³⁶ It was the first time that France and Britain opposed about the stability of the British currency.

According to John Young, Wilson was “a man who preferred tactics over strategies, never a Euro-fanatic and could have had various reasons for his bid to enter Europe: to satisfy the Foreign Office to please businessmen, perhaps above all to blunt Conservative attacks”.¹³⁷ Wilson became more pro-market and he wanted to get the EEC membership to please the Americans, to shore up the British economy and provide the country with an international role. He also wanted to gain an influence over EEC policies, support de Gaulle in weakening supranationalism, to control the future shape of the Common Agricultural Policy and to strengthen British technological developments.¹³⁸ He wanted Britain inside the Europe but Denis Healey thought that de Gaulle would veto the British membership again and that was why it was not logical to fight against it; because de Gaulle would oppose it anyway. Britain made an informal agreement on ‘probing’ visits by Brown and himself to EEC capitals. Wilson and Brown decided to visit France as a tactic during their probe and the aim was “to avoid the impression that Britain was picking the other five

¹³⁵ Young, p. 85.

¹³⁶ See Young, p. 87.

¹³⁷ Ibid. P, 96.

¹³⁸ See Young, p. 89.

EEC states against France”.¹³⁹ During the visit, Wilson was always mentioning about the technological co-operation but France seemed unimpressed because they had an interest on the idea of Europe matching the superpowers. Discussions came to the point about the demands of Britain if it would join the EEC and the fact that London was too close to Washington. Discussions did not end with a rejection and de Gaulle told that they would study about considering Britain’s full membership of the EEC. Without saying ‘No’ as an answer, France allowed Britain to continue the probe with more visits. The visits showed that no one, even the West Germany, could persuade France to concede British membership in EEC.¹⁴⁰ In 21st of March in the Cabinet, France showed no real hope of accepting British membership but Wilson told that there was no alternative to EEC membership, even the Secretary of the Cabinet told that if French rejected Britain’s application, Britain had to continue pressing and refuse to accept.

In 1967 Britain decided on a formal application. Anti-marketers were still telling that France would veto the application. “The Prime Minister acknowledged that EEC membership would cause some balance of payment problems, but said it would bring higher growth and give Europe a strong voice in the world, without involving a great loss of independence for Britain.”¹⁴¹ On the 16th of May, de Gaulle told in a press conference that British membership would upset the EEC. De Gaulle did not veto the British membership because he did not want a crisis. But many observers believed that it meant ‘No’. Finally on November 1967 de Gaulle held a press conference. He stated that Britain wanted the EEC membership just because to compensate for its weakness as revealed by the devaluation. And therefore on 19th of December EEC ministers agreed that Britain’s application could not be accepted.

The Hague Summit in 1969 was the first step of the European enlargement, which was held by the French president Pompidou. In the meeting, the future of the European foreign policy was discussed. “Disparities between Community currencies, especially the Franc and Mark, had led to talk The Hague of full economy and monetary union which London was unlikely to welcome”.¹⁴² At the end of the meeting, The European countries decided to negotiate the European enlargement including the United Kingdom, Ireland, Denmark and Norway. Countries decided the Luxembourg Prime Minister Pierre Werner to report

¹³⁹ Young, p. 91.

¹⁴⁰ See Wilson, Labour Government, p. 437-41, 470-7. Cited in Young, p. 92.

¹⁴¹ Young, p. 94.

¹⁴² Ibid., p. 99.

about the EMU and how to achieve it. The report became the first report of the Monetary Union. The Werner Plan was a three-stage plan to establish the European Monetary Union (EMU). “The objective would be the irreversible convertibility of currencies, free movement of capital, and the permanent locking of exchange rates – or possibly a single currency.”¹⁴³ To achieve this, the report called for a closer economic policy coordination.

5.3.5 The EEC Entry

In 19 June 1970 Edward Heath became the Prime Minister of United Kingdom. The new Prime Minister believed that “EEC entry would force British industry to become more competitive and alongside a new industrial strategy and administrative reforms, would transform the country’s economic future”.¹⁴⁴ Heath’s Europeanism was not like Wilson’s and he wanted Britain to have distance with the United States and also he did not want to use the term ‘special relationship’ to define the relationship about the two countries. In Britain the position of the Sterling and the trade balance improved during the time and that was why Britain was in a stronger position than before. Also the Six had agreed to have open talks on the wider membership of Britain. The greatest strength of Heath probably lay in the fact that Britain had retreated from earlier hopes of changing EEC policies fundamentally in entry talks and also Heath was ready to accept the EEC as it stood, the CAP and all.¹⁴⁵ France was frightened of German independence and also the Foreign Minister did not want a wider EEC with British membership. In 1970 Charles de Gaulle died but the other representatives were still sceptical about Britain’s commitment to Europe.

In 1970 many members of the Labour MPs opposed Heath’s government. Many shared the popular fears of “higher prices, unemployment, the thread to sovereignty and the end of the Commonwealth, many saw the EEC as a capitalist, bureaucratic institution supported, only by a elite groups in Britain but likely to harm working class interests”.¹⁴⁶ In August an anti-marketer suggested to hold a referendum before Britain entered the EEC. In 1971 the referendum was held and the favour for the entry was much more than expected. 244 votes from 356 were ‘Yes’ votes. In the next year the French government announced a referendum on widening the community and at the referendum it was clear that there was a

¹⁴³ http://ec.europa.eu/economy_finance/euro/emu/road/werner_report_en.htm. 19.06.2014.

¹⁴⁴ Young., p. 101.

¹⁴⁵ See Young, p. 101.

¹⁴⁶ Young, p. 107.

majority for the British entry. The referendum ended successfully for Heath and it was agreed that the membership of Britain would take effect on 1 January 1973. Months after the Britain entered the EEC, the unemployment increased in the country and also there was price push-up and trade damage. In October after the Arab-Israeli war ended, Arab produces forced up oil prices and the oil crisis had made the situation worse. “These events underlined the failure of EEC membership to reverse Britain’s economic fortunes.”¹⁴⁷

After Heath lost his power in 1974, Labours manifesto promised to renegotiate the terms of entry. There were four areas of renegotiation: “the CAP should be reformed to benefit the world producers and bring lower food prices; other steps should be taken to help third world (and, therefore, Commonwealth) exporters; Britain’s regional and industrial policies should not be impeded by the Commission in Brussels; and the financial arrangements for British membership must be altered”.¹⁴⁸ With the fact that Germany’s income per person was twice that of the UK, Britain had to strengthen its economy. “Later in the month pro-marketers in London won a surprisingly easy victory when the Cabinet agreed to renegotiate EEC membership only within existing treaties.”¹⁴⁹ In July it was agreed that twelve-month renegotiation would be made and followed by a binding of referendum. A pro-market minister told that she would re-sign if there would be a ‘No’ vote on Europe at the end of the referendum. The referendum would be set on June and pro marketers begin to organize a 'Britain in Europe' campaign. The cabinet agreed to allow anti-marketer ministers to vote against the government. The main arguments of the antis were that the EEC threatened parliamentary sovereignty, led to higher prices and would create unemployment; the pros insisted British traditions were safe, that jobs would be created by membership and that there was simply ‘no alternative’.¹⁵⁰ As a result in 1975, there was a majority of 67 per cent and it was an evidence for the public that the EEC presented the best future for Britain. However the referendum was also costly to Britain that “the renegotiation process weakened Britain’s standing in Europe and prevented Wilson from establishing a leading role in the Community”.¹⁵¹

¹⁴⁷ Ibid., P. 111.

¹⁴⁸ Ibid., p. 113.

¹⁴⁹ Ibid.

¹⁵⁰ See Young, p. 119.

¹⁵¹ Young, p. 120.

6. THE REVIVAL OF THE EUROPEAN INTEGRATION

6.1 The Thatcher Government

“Utopia never comes, because we know we should not like it if it did.”¹⁵²

Margaret Thatcher

Margaret Thatcher was the first and the latest woman Prime Minister of the Great Britain and the Northern Ireland. She was known as ‘the Iron Lady’, her famous nickname. She won the elections in 1979, because she promised a new beginning for Britain. She was the leader of the Conservative Party until 1990 and she was the longest-serving British Prime Minister of the 20th century. Many European leaders admired her; even the French President Francois Mitterrand once said that she had eyes of Caligula and the mouth of Marilyn Monroe.¹⁵³

Her style and her views appealed too many British people who had lost confidence in the welfare state and in the direction the nation had taken. In some ways she was the genuine leader the nation had had since Churchill, the politician whom she consciously modelled herself.¹⁵⁴

She wanted free trade at home and abroad, individual enterprise, less government economic protection or interference and she wanted more "law and order".¹⁵⁵ In the Conservative Party, people were not all happy about the changes in policy. That was why in 1982, the Conservative government of Thatcher became unpopular in the country.

She could be highly pragmatic behind the scenes, moving step-by-step when that seemed like the best way of getting what she wanted: the trade unions, for example,

¹⁵² <http://www.margaretthatcher.org/document/107332>. 19.06.2014.

¹⁵³ <http://www.telegraph.co.uk/comment/columnists/lizhunt/6649386/Margaret-Thatcher-portrait-Monroes-mouth-but-what-about-those-eyes.html>

¹⁵⁴ <http://cdn.preterhuman.net/texts/history/An%20Illustrated%20History%20of%20Britain.pdf>. 19.06.2014.

¹⁵⁵ Ibid. 19.06.2014.

was slowly strangled by a combination of job losses and separate pieces of legislation before she finally finished them off by confronting the minors in the mid-80s.¹⁵⁶

Thatcher saw no alternative to the EEC membership. She brought British foreign policy suspicion on European commitments, a strong defence and a close alliance with America. “In contrast to Heath, Thatcher presented the free-market, anti-state wing of Conservatism, contemptuous of consensus politics and determined to make Britain an enterprise economy.”¹⁵⁷ In 1979 Britain was ready to use the European Currency Unit (ECU), but not ready to enter the Exchange Rate Mechanism (ERM), which was a way to stabilize the value of Sterling and boost trade in Europe.¹⁵⁸ Thatcher was sceptic about European involvements. There was a “lack of enthusiasm for the first direct elections to the European Parliament, held on 7 June 1979”.¹⁵⁹ It was already mentioned that “the EEC membership brought no great economic gains to Britain since 1973”.¹⁶⁰

A diplomat Nicholas Henderson mentioned that the decline of the Britain was due to the economic underperformance. He also said that Britain had failed to take the leadership of the European integration and could not count in Europe like the French.¹⁶¹ In 1979 an alternative policy for the budget crusade was suggested in a conference. In the conference it was mentioned that a definite policy was needed. John Young discussed that, Britain was unlikely to relish the idea of a strong, federalist parliament. He mentioned that, the common market principle could be extended to the areas like banking and insurance, the areas where Britain had trading advantages and by pressing for the removal of non-tariff barriers to commerce Britain would make the trade increase, push the EEC in the direction of the free-trade area and achieve one of the original goals of the Treaty of Rome.¹⁶²

The EEC membership costs were too much in a year for Britain. Margaret Thatcher brought the issue of the budget on the EEC agenda. She met with Helmut Schmidt in Luxembourg and in her speech in October she stated that:

¹⁵⁶ <http://blogs.lse.ac.uk/politicsandpolicy/files/2013/05/Thatcher-final.pdf>. 19.06.2014.

¹⁵⁷ Young, p. 127.

¹⁵⁸ See Young, p. 127.

¹⁵⁹ Young, p. 127.

¹⁶⁰ Ibid.

¹⁶¹ See N. Henderson, *Channels and Tunnels* (1987), p. 143-58. Cited in Young, p. 128.

¹⁶² See Young, p. 129.

I must be absolutely clear about this. Britain cannot accept the present situation on the Budget. It is demonstrably unjust. It is politically indefensible: I cannot play Sister Bountiful to the Community while my own electorate are being asked to forego improvements in the fields of health, education, welfare and the rest. The imbalance is not compatible with the spirit of the Community... We seek a remedy which will restore a broad balance, and which will last as long as, but no longer than, the problem.¹⁶³

In a press conference in November after Dublin European Council Thatcher expressed her views about the budget issue very clearly that;

It is that £1,000 million on which we started to negotiate, because we want the greater part back. But it is not asking the Community for money; it is asking the Community to have our own money back, and I frequently said to them: "Look! We, as one of the poorer members of the Community, cannot go on filling the coffers of the Community. We are giving you notice that we just cannot afford it!"¹⁶⁴

In 1980, she warned that if she could not get what she wanted, she would withhold Value Added Tax (VAT) payments. The debates took four years and in the end it resulted with the victory of Thatcher. In April, there was a summit in Luxembourg and Thatcher was offered a compromise from Schmidt. He said that "the British budget contribution should be limited to the average for 1978-9, which amounted to about a 760 million pounds rebate"¹⁶⁵; but Thatcher rejected the offer and the summit ended with a failure. Also later Schmidt came up with another improved offer but Thatcher was again not impressed. The ministers of the Cabinet pushed Thatcher to accept and then she had agreed to a compromise. Thatcher was good on bargaining and she succeeded in limiting Britain's deficit of EEC payments in 1980 and 1981. In 1983 Thatcher was re-elected as a Prime Minister with a clear majority of 144 seats in the 650-seat Parliament and "her re-election can be seen to have marked the resurgence for pressure for greater integration in the European Community, which highlighted Britain's vulnerability to outside pressures".¹⁶⁶

¹⁶³ <http://www.margaretthatcher.org/speeches/displaydocument.asp?docid=104149>. 20.06.2014.

¹⁶⁴ Ibid. 20.06.2014.

¹⁶⁵ Young, p. 131.

¹⁶⁶ Ibid., p. 133.

There was a new attempt for deeper integration and there was a pressure on her. “In order to protect British national interests Thatcher was now forced to make concessions to the EC, for the threat of a two-tier Europe opened up the prospect of a more supranational inner core for which the UK could only join at the expense of its sovereignty.”¹⁶⁷ Britain and France came together in the Brussels Summit in March but it was clear that it was impossible for the leaders to agree on how much money should be returned to Britain and the British Cabinets had considered ending all payments to the EC. After in 1985, a proposal produced under Italy named as ‘People’s Europe’. This proposal aimed to have common passports and driving license.

6.2 The Single European Act

Earlier in 1982 in the Copenhagen Summit, the leaders of the Community discussed their desirability of freeing their internal markets. Then in 1984, a meeting held in Fontainebleau by European Council to set up an ad hoc committee of the personal representatives of the Heads of State of Government, known as the Dooge Committee after its chairman, in order to make proposals on foreign, environmental and technological policies and a single market. The meeting showed “the need for financial restraint in Europe, and opened the way to a more positive British policy, which put the Community on the road to the Single European Act”.¹⁶⁸ “It amends the rules governing the operation of the European institutions and expands Community powers, notably in the field of research and development, the environment and common foreign policy.”¹⁶⁹ In the meeting Thatcher secured limits of the CAP budget and for some pro-Thatchers this was considered as an impressive victory. Nevertheless the meeting did not stop the budget growth in the future. In the words of David Reynolds:

Her policy reinforced the popular idea that Britain could still act independently, but this masked a growing loss of power to EC by 1984. Britain had accepted numerous directives from the EC Commission with little parliamentary scrutiny, and the

¹⁶⁷ Ibid., p. 136.

¹⁶⁸ Ibid, p. 138.

¹⁶⁹ http://europa.eu/legislation_summaries/institutional_affairs/treaties/treaties_singleact_en.htm. 20.06.2014.

British economy was now constrained by the need to compete in the common market.¹⁷⁰

In 1985 the priorities of Thatcher was clear; she wanted a single free market as well as the foreign-policy co-operation. “All their partners were playing the same game, such as the French defending the CAP, or the Germans in supporting the ERM.”¹⁷¹ In the same year on March at the Brussels Council, EC leaders asked the Commission to decide a certain time to create the single market. British Commissioner Arthur Cockfield proposed a report, which recommended how the single market could be possible. Furthermore it was soon argued that greater common practices were needed to bring the single market into effect, as an example that VAT must be equalized across the community, however Thatcher rejected this.¹⁷² Finally in June, in the Milan Council it was agreed to achieve the single market by the end of 1992. Britain criticized this decision but the Committee decided to make a treaty for the single market that would be drawn up by an Intergovernmental Conference (IGC). Thatcher was thinking about attending the IGC; but by 1985 Britain was committed to European future and several Cabinet ministers were strongly committed to the EEC and finally in July Thatcher agreed to attend the IGC. In September the IGC met and produced a draft ‘Single European Act’. An important feature of the act was the institutional reforms mentioning that, the powers of the European Parliament were slightly increased; “the powers of the Commission were clarified; and, most significantly, the Act extended the use of majority votes in the Council of Ministers, thus restricting Britain’s power of veto”¹⁷³.

The Single European Act (SEA) was signed in in Luxembourg on 17 February 1986 by the nine member states and on 28 February 1986 by Denmark, Italy and Greece as the first major attempt of the member states to amend the agreements, which were made in the Treaty of Rome (1957). The aim of the SEA was to decide a certain time for creating the full single market. “It also created deeper integration by making it easier to pass laws, strengthening the EU Parliament and laying the basis for a European foreign policy.”¹⁷⁴

It sought to improve democracy by strengthening the power of the Parliament to discuss new laws, and it gave the Parliament the power to veto the admission of

¹⁷⁰ D. Reynolds, ‘Britannia Overruled’ (1991), p. 226-7. Cited in Young, p. 139.

¹⁷¹ Reynolds, *ibid.*, p. 267. Cited in Young, p. 139.

¹⁷² See Young, p. 139.

¹⁷³ Young, p. 141.

¹⁷⁴ <http://www.civitas.org.uk/eufacts/download/TR.2.SEA.pdf>. 20.06.2014.

new member states. The SEA made it easier for laws to be passed by the Council of Ministers by increasing the number of areas covered by Qualified Majority Voting.¹⁷⁵

Also the SEA strengthened the power of the EU Parliament and therefore brought more democracy in the Community. “Finally, it laid the tentative groundwork for the creation of common European Foreign, Justice and Home Affairs policies, which would emerge in the Maastricht Treaty (1992).”¹⁷⁶ The Act was accepted in Britain by Thatcher because it did not seem as a threat to Britain in terms of sovereignty and approved by the parliament without any problem.

In June 1987 Thatcher was re-elected as the Prime Minister of Britain. It was her third election victory and it was the first time that any British Prime Minister achieved such a victory since 1827. In 1979 she won the elections with the smallest majority of her time in office, but 1987 it was over 42 percent. Thatcher’s ambition was to make the Community more financially disciplined, especially where the CAP was concerned. If the income of the EC was increased, then the budget settlement of 1984 would be questioned again and Britain could lose the deal, which was made at Fontainebleau. Therefore a summit was held in Brussels in 1988 and “the Fontainebleau system of budgets rebates was left intact and certain limits on CAP spending were agreed, but in return Britain had to accept a doubling of spending on regional and social funds to help the Mediterranean countries”¹⁷⁷.

In June 1988, leaders led by France supported the study of European Economy and Monetary Union (EMU), which was already suggested at the Hague Summit in 1969. Because single market had been already prepared, the following could be the argument of a currency union, which could create a stable economy. Jacques Delors, a French socialist, who was the president of the EC Commission, believed that the SEA should lead to a deepening of economic, social and political unity in Europe and the EMU had the potential to bring this into life, because a currency union could well lead on to a common budgetary policy.¹⁷⁸ Because Sterling was a symbol of national sovereignty in Britain, Thatcher showed her opposition to the EMU clearly. She mentioned that, “she did not expect to see a European central bank in her lifetime ‘nor, it I’m twanging a harp, for quite a long time

¹⁷⁵ Ibid. 20.06.2014.

¹⁷⁶ Ibid. 20.06.2014.

¹⁷⁷ Young, p. 142.

¹⁷⁸ See Young, p. 143.

afterwards' and she privately believe that the proposal would be opposed on the Delors Committee by the governors of the British and German central banks"¹⁷⁹.

The Chancellor of the Exchequer Nigel Lawson recognized that it was impossible to resist the European integration and in 1985 he discussed in the government about the benefits of the ERM membership, which could be the one way to stabilize the value of the Pound.¹⁸⁰ But Thatcher was not thinking in the same way, because she had a fear that ERM membership could bring big speculation against Sterling and she also believe that Britain could do better to control its economic destiny. ERM became successful for its members by bringing the inflation down in the 80s and thus Lawson saw that the membership was necessary to hold down the prices in the country. In Britain in 1988 the inflation was very high and trade deficit appeared and obviously Britain's economy turned into an "unsustainable boom"¹⁸¹. The situation was that Thatcher's government had a bad economy and Germany was the dominant economic force. Thatcher made her great set-piece in 20 September 1988 in Bruges. She supported a Europe that built around sovereign states, not 'some identikit's European personality' and also she hoped to build foreign policy and defense co-operation in the EC.¹⁸² But nevertheless her ideas were impossible to become real. According to Paul Taylor; "it was difficult to see how the Prime Minister's dream of a single market could be achieved without greater powers being transferred to EC institutions in order to manage the process"¹⁸³.

6.3 EMU and the Fall of Thatcher

The Delors Report published in April 1989 in the European Council meeting in Hanover in order to bring EMU in three phases:

¹⁷⁹ See Young, p. 143.

¹⁸⁰ See Young, p. 143.

¹⁸¹ Young, p. 144.

¹⁸² See Young, p. 144.

¹⁸³ Taylor, EC Integration, p. 22-4. Cited in Young, p. 144.

Stage 1 (1990-1994)	Complete the internal market and remove restrictions on further financial integration.
Stage 2 (1994-1999)	Establish the European Monetary Institute to strengthen central bank co-operation and prepare for the European System of Central Banks (ESCB). Plan the transition to the euro. Define the future governance of the euro area (the Stability and Growth Pact). Achieve economic convergence between Member States.
Stage 3 (1999-)	Fix final exchange rates and transition to the euro. Establish the ECB and ESCB with independent monetary policy-making. Implement binding budgetary rules in Member States.

Table 1. Three phases of the Delors Report¹⁸⁴

The report “defined the monetary union objective as a complete liberalisation of capital movements, full integration of financial markets, irreversible convertibility of currencies, irrevocable fixing of exchange rates, and the possible replacement of national currencies with a single currency”.¹⁸⁵ As shown in Table 1, stage one was to complete the internal market through free movement of capital, stage two was creating the European System of Central Bank (ESCB) and the last stage was fixing exchange rates and launching the euro. According to France, Delors Report was important to prevent German dominance.

Thatcher’s problems were growing in the British government. In Britain, the economy was in trouble; there was an increase on inflation and a huge trade deficit so that was why Conservatives lost their seats in the European Parliament however Labour easily won the most of it. Howe and Lawson pushed Thatcher to join the ERM and she agreed to make the conditions clear, which were the low British inflation and single market. There was a meeting in Madrid to achieve the first stage of the Delors Plan but Thatcher hoped that phases two and three would be delayed. In December 1989 the European Council in Strasbourg, it was announced that there would be support for German reunification. Also Mitterrand announced that an Inter-Governmental Conference would be held soon in order to prepare a treaty for EMU. It is important to mention that, according to one of the British Conservative Party politicians Nicholas Ridley, the ERM was an attempt of Germany in

¹⁸⁴ http://ec.europa.eu/economy_finance/euro/emu/road/delors_report_en.htm. 20.06.2014.

¹⁸⁵ Ibid. 20.06.2014.

order to have the Europe in its hands as a whole and control it. Although the French believed the opposite, the British had a fear that the EEC was a key for the German domination. Therefore the Chancellor of the Exchequer John Major had attempts to prevent the EMU by introducing a new version of an ECU scheme and it became evident that Britain has an alternative to Delors Plan. “His hard ‘ECU’ system proposed to allow a strengthened version of the European Currency Unit to compete with members’ currencies across the EC.”¹⁸⁶

Although the alternatives or questions in Thatcher’s mind, in the end in 1990, Britain entered the ERM. But Britain was unlucky about this entrance, because the ERM was not having its best times at the time because of the costs of the German reunification and its interest rates. It was clear that the value of Sterling was on a very high level and there was nothing much to do about it. In October, in a new EC Summit, Mitterrand from France and Kohl from Germany expressed their opinions about achieving the second and third stage of the Delors Plan, which was creating a central monetary institution. Mitterrand and Kohl wanted to set a date to make these stages real and they decided the year 1994 as the date; but “setting a date was bound to offend against British pragmatism”¹⁸⁷. Thatcher reacted against both the Delors Plan and hard ECU of Major and she never wanted to have a European currency. All of her reactions and refusals in European policy showed other states that Thatcher wanted to destroy the EMU and these were the important factors why Thatcher fell from power at the end of year 1990. On the next elections, John Major won more votes than her and became the new Prime Minister of the United Kingdom.

There are many opinions about Thatcher’s government from different politicians and historians. According to Nicholas Ridley, Thatcher defended the British independence, also she won the EC financial system, which was more honest, and she pointed Europe towards greater competition.¹⁸⁸ Moreover, according to the writer John Young, Thatcher’s policy was shaped by the national need of Britain and she chose to express these needs in in contemptuous and wiseacre way.¹⁸⁹ In David Reynolds’ opinion, Thatcher was never faced with the British people with an appreciation about what was happened in the Europe and

¹⁸⁶ Young, p. 147.

¹⁸⁷ Ibid., p. 148.

¹⁸⁸ See N. Ridley, ‘My Style of Government’: The Thatcher Years (1991), p.207-11. Cited in Young (2000), p.148.

¹⁸⁹ See Young, p.148.

she tried to hide the reality of the loss of power to European institutions behind the mask of extreme nationalism.¹⁹⁰

There were both positive and negative sides of the Thatcher government. During her years, people in Britain started to live better and they became wealthier. She had many positive effects on the terrorist attacks to avoid the struggle. Because she had a strong character, she always did what she said and she did not accept the word 'no' for an answer. She had a plan for the United Kingdom and she always tried to go for it. She always aimed a better economy for her country and a better life for the citizens. She wanted Britain to become free, sovereign and independence across the world. On the opposite side, again because of her character she never listened to anyone else. During her government, many people became unemployed. "In the sun parts of the country the economy have never recovered."¹⁹¹

¹⁹⁰ See Reynolds, 'Britannia Overruled', p.274-5. Cited in Young, p.149.

¹⁹¹ <http://blogs.lse.ac.uk/politicsandpolicy/files/2013/05/Thatcher-final.pdf>. 20.06.2014.

7. THE TREATY OF MAASTRICHT AND THE ‘EURO’

7.1 Towards the Treaty with Major

“I want to see us build a country that is at ease with itself, a country that is confident, and a country that is prepared and willing to make the changes necessary to provide a better quality of life for all our citizens.”¹⁹²

John Major

On 28 November 1990, John Major had beaten the pro-European Michael Heseltine and became the new Prime Minister of the United Kingdom. In the Conservative Party, divisions took place between Eurosceptics and Euro-enthusiasts. Therefore Major had to work much more in order to balance the domestic politics and to keep the country united. Major came to power not on the good time; the inflation had hit the ground and the unemployment rates were very high. Because Britain was in an economic depression, the steps to reform the Economic and Monetary Union had started.

In 1989, Heseltine wrote in his book ‘The Challenge of Europe’ that Britain should embrace Europe enthusiastically because of the opportunity that had been gained by the single market and because the country did not need any fear of losing its national identity.¹⁹³ Therefore he was ready to adopt the single currency and reform to the European Parliament. Most of the Eurosceptics was on the same side with the Prime Minister Major; but still he had almost no strong followers in the party; because outside the British government, there were few people who knew him. He was not like Thatcher; he always acted to satisfy his colleagues and also he aimed to stay outside of the policies of Thatcher, which he did not like. “Major’s apparent lack of deep ideological commitment, his managerial style and anxiety to achieve compromises between party factions, may gradually have led to exasperation among Thatcherites, but in the short term it helped

¹⁹² <http://www.johnmajor.co.uk/0003.html>. 23.06.2014.

¹⁹³ See M. Heseltine, ‘The Challenge of Europe’ (1989). Cited in Young, p.152.

cover up Conservative divisions.”¹⁹⁴ In short, Major was not a strong political leader, the government was born in a complicated time and the country was poor because of the unemployment.

Major worked as the Secretary of State for Foreign and Commonwealth Affairs for only three months and therefore he had very little international experience; nevertheless he had beaten Heseltine in the premiership. He started to give the signs that he would change things that Thatcher had adopted when she was governing the country. He had no hostility to Germany, he had no special close relations with the United States and he had more diplomatic approaches in negotiations. In 1991, he also agreed that the EC should have a security dimension in order to clarify the uncertainties among member states. “The new government was able to play a fuller role in the IGCs than Thatcher might have done but the basic British agenda remained the same.”¹⁹⁵

After entering the ERM in his first meeting of the EC Council, Major welcomed very friendly from member states. He wanted to agree on some particular subjects such as trade restrictions. Major wanted to make agreements with the member states and the United States on reducing the trade restrictions according to the General Agreement on Tariffs and Trade, which was called as ‘Uruguay Round’ and which was on the agenda of Britain since 1986.¹⁹⁶ Moreover Britain wanted to make the Community wider by hoping that it would prevent further and deeper integration. Meanwhile in 1992, the Community and the members of EFTA started negotiations about creating a ‘European Economic Area’. With the end of the Cold War Austria, Sweden, Finland and Switzerland, who were neutralized, could also join the Community.

Prime Minister Major aimed to have a more dependable and credible ally and therefore according to have closer relations and to work with, he chose Germany, which was the most powerful country in the EC. In reality, the Office did not want to trust Germany, because they believed that Germany would have relations with France firstly. But this could not be possible because of the solid French support for EMU and other proposed reforms.¹⁹⁷ He had good relationship with Kohl at the Maastricht and besides Kohl was happy to see Major as the Prime Minister. In this manner, Britain left behind its opposition

¹⁹⁴ Young, p. 151.

¹⁹⁵ Ibid.

¹⁹⁶ See Young, p.153.

¹⁹⁷ See S. Hogg and J. Hill, ‘Too Close to Call: power and politics (1995), p. 76. Cited in Young, p.154.

to Germany, like it did during the Thatcher government. Major did not have only Germany as an ally, he also has a coalition with Italy and they negotiate on a plan for a Common Foreign and Security Policy (CFSP). With the plan, Britain had the privilege to say that the EC should have some role in formulating defense policy, but NATO would keep its primacy.¹⁹⁸ The differences of the new Prime Minister kept continuing and during his visit to Bonn, Major expressed his desire of being at the heart of the Europe. He was again different from the former ones with the change of his regime and hereby he wanted to play an active role in the IGCs unlike Thatcher. His ideal was to be a strong state with a free market and have no rush into the EMU. He wanted to keep central institutions as weak as possible and to secure the principle of subsidiarity, which was designed to minimize and limit the powers taken by the bodies; limit the powers of the European Parliament and the QMV.¹⁹⁹

The Maastricht Treaty, so called the Treaty on European Union (TEU), was discussed at the Maastricht Summit in December 1991, where member states had efforts to have a suitable negotiation and decision, whether they had doubts about it. The Treaty was going to represent a new era in European integration with more political and economic integration within the member states. After the negotiations, the final decision was to cooperate the CFSP and also Justice and Home Affairs (JHA) in terms of border control and the immigration issue, which were the second and the third pillars of the TEU. The Treaty created a European Union with three pillars and this pillared structure supported by both Britain and France, however Germany, Netherlands and Italy wanted to have a more supranational treaty.²⁰⁰

The third stage of the EMU, which was having a single currency by 1999, agreed by member states. Major wanted to have a chance to choose in the future if Britain wanted to adopt it or not; that was why he thought to claim an 'opt-out'.²⁰¹ Also because of the principle of subsidiarity, which was written into the TEU, Britain felt threatened. In terms of adopting the single currency, some criteria were met, which were called 'the Maastricht Criteria' (convergence criteria). In the criteria the price stability, sound public finances, sustainable public finances, durability of convergence and exchange rate stability were

¹⁹⁸ See Young, p.155.

¹⁹⁹ See Young, p.155.

²⁰⁰ See Young, p.156.

²⁰¹ Ability to decline from signing an agreement.

measured.²⁰² In addition to meet the economic convergence criteria, a euro-area candidate country had to make changes in national laws and rules, notably governing its national central bank and other monetary issues, in order to make them compatible with the Treaty. National central banks had to be independent, such that the monetary policy decided by the European Central Bank (ECB) had to be also independent.²⁰³ These conditions were not just for the countries that were first to adopt the single currency, the countries, which would also adopt the single currency in the future had to meet all these conditions too. Like the pillared structure, Britain supported the Maastricht criteria although the opt-out, because they found the criteria better than the Delors Plan which were setting dates. Basically, Major did not want to accept the opt-out quickly because he wanted to secure a certain form of EMU, but the Conservative Right had made it unthinkable for Major to sign the ‘Social Chapter’ of the Maastricht Treaty. Therefore Britain had made its second opt-out which Major was not very happy about.²⁰⁴

7.2 ‘Black Wednesday’ and the Ratification of the Maastricht Treaty

The Maastricht Treaty was signed on 7 February 1992 and in April John Major won the British general election, which was not expected. The community had new responsibilities such as education, culture and health. Also powers of the European Parliament became stronger. “The Maastricht Treaty also committed its members to an ‘ever closer union’ and a potential time bomb ahead of the next general election”²⁰⁵.

There was an important point whether Britain would join or not. Although his success since 1992, after 1992 the divisions began in Major’s government. His situation was not secure like it was before. The majority of the Conservatives became very low and therefore it brought the possibility for some groups to threaten the government. Eurosceptics began to talk out loud and express their opinions, which made the situation in the country worse. In May, some Conservatives voted against the ratification bill of the Maastricht and many had doubts about it. Both rebels and opposition parties were a great danger at that time and Maastricht talks became to dampen Conservative divisions on Europe.²⁰⁶ In the Cabinet,

²⁰² http://ec.europa.eu/economy_finance/euro/adoption/who_can_join/index_en.htm. 25.06.2014

²⁰³ See *ibid*.

²⁰⁴ See *ibid*.

²⁰⁵ Young, p.158.

²⁰⁶ See Young, p.159.

the division between Euro-sceptics and Euro-enthusiasts were increasing rapidly. Some groups never wanted to join the EC, some had concerns for parliamentary sovereignty and some were doubtful about national independence. “But most agreed that the EC should concentrate on achieving free trade among its member states, who should remain strong states.”²⁰⁷ Also many people were thinking that Major could not resist the divisions and as it was expected, a crisis happened in the ratification process with the defeat of the TEU. In June, a referendum held in Denmark and the doubts of the future of Europe were outspoken. To ratify the treaty and enter into force, it had to be agreed by all the signatories and apparently the treaty was dead. A high number of conservative member states of the Parliament decided to have a new beginning with a fresh start for Europe. Although Major was thinking that the Maastricht Treaty was the best deal for Britain, Thatcher described the treaty as ‘a treaty too far’²⁰⁸. Major decided to wait for a while for doubts to end before ratifying the TEU.

By entering the ERM, the position of Sterling was secure. Besides, the inflation rates were very secure and this had not been seen since 1960. But then depressions started in 1992 and it became obvious that ERM membership was the reason why the depression had extended. Some Conservatives and economists were complaining that fixed exchange rates were keeping interest rates too high and caused too much unemployment. It was very difficult to arrange the exchange rates within the ERM all over again, because it could destroy the reliability of the EMU. Major and the Chancellor Lamont kept saying that Sterling would remain in the ERM and there could be no alternatives to that. President of the ‘German Bundesbank’²⁰⁹ Helmut Schlesinger mentioned that Sterling should be devaluated and this expression destroyed the confidence of the Pound. As a result of these conditions, Lamont did not have any chance but to suspend the British membership of the ERM. “In parliament the next day John Smith, the Labour leader, derided the Major government's economic policy and he said: ‘The real lesson of the ERM crisis was that before you can have a strong currency you need a strong economy’.”²¹⁰ On 16 September, the Quantum Fund of a Hungarian born American businessman George Soros started to sell huge

²⁰⁷ See *ibid.*

²⁰⁸ http://books.google.com.tr/books?id=yc4FBAAQBAJ&pg=PA83&lpg=PA83&dq=thatcher+maastricht+a+treaty+too+far&source=bl&ots=QoDLAfWUuh&sig=fHB3BYklKHwLNq22I7hVs3C6GdM&hl=tr&sa=X&ei=M_oSVJ7JGsmUasu4gagN&ved=0CEUQ6AEwBQ#v=onepage&q=thatcher%20maastricht%20a%20treaty%20too%20far&f=false . 30.06.2014.

²⁰⁹ Central Bank of the Federal Republic of Germany and also part of the European System of Central Banks (ESCB).

²¹⁰ <http://www.theguardian.com/business/2012/sep/13/black-wednesday-20-years-pound-erm>. 30.06.2014.

amounts of pounds and the markets in London started buying these pounds. But buying pounds were not enough to produce any results. Early on the same day, British government raised the base interest rates for making the speculator buying pounds, but it did not work out. After the Danish referendum in June, President of France Mitterrand had called a referendum in September and by contrast with Danish referendum, French people approved the TEU. Major was not happy with the solution, because he would prefer the treaty would be dead. "As it was Maastricht was still alive, the French government maintained its pro-European line, and British policy was in tatters."²¹¹

The British government was forced to withdraw the pound sterling from the European Exchange Rate Mechanism on 16 September 1992 and this day has known as 'Black Wednesday'. The hope of Britain was to have an economy with stability and low inflation. The ERM gave Britain the low inflation they wanted but it did not provide a stable economy. It was seen as a mistake and that was why the UK became sceptical about adopting the single currency. The Major government became unsuccessful and his leadership was questioned because he could not prevent the devaluation of the pound. Euro-sceptics were calling this day as 'White Wednesday' because they saw the situation as an economic revival. "As Hugo Young later put it, 'British membership of ERM was Chancellor Major's baby, leaving the ERM was Prime Minister Major's catastrophe.'"²¹² According to the writer John Young, it was the government who put Britain in the ERM, at the mercy of the money markets, and which never apologized for the decision.²¹³ Later on 4 November, the attempt to alter the Maastricht treaty had started with a second referendum in Denmark. In the Edinburgh Summit in December, Denmark approved the TEU. In 1993, a civil war between Conservatives and Labours had started for the amendment to Maastricht Bill. Another concession was held on the Social Chapter before the treaty was ratified and the government did not want it, in contrast the Labour was very confident and they wanted to approve the Chapter. On July, many of the Conservatives voted against the treaty and therefore the result was the defeat of the government with eight votes. The next day Major called the 'vote of confidence' and passed by 40 votes. Finally on 2nd of August, Britain ratified the Maastricht Treaty.

²¹¹ Young, p.161.

²¹² H. Young, 'The Prime Minister', in Kavanagh and Seldon, 'The Major Effect' (1994), p.23. Cited in Young, p. 161.

²¹³ Young, p.161.

After the ratification was completed, the EC became the 'European Union' on 1st of November 1993. There were some signs of British successes in Europe, such as the single market had come into being and talks opened with EFTA states on EU membership of four Eastern European countries: the Czech Republic, Poland, Hungary and Slovenia. Also at the end of 1993, GATT talks had a final agreement. Following, the scholars have argued in their studies that, with the ratification of the Maastricht, Britain did not stand far away from the centre debate of the future of Europe and also it did not remain as an awkward partner in the future.²¹⁴ Britain became more integrated to Europe, made trade mostly with the EU and its special relationship with the United States ended because Major had differences with the new US President Bill Clinton. Besides, Major thought of influencing the European Union for the further enlargement and a world trade which was freer and reducing the unemployment for Britain itself. Even ratifying the Maastricht, Major had to face with the problems on European issues both on continental and home fronts.

Major had to make an act for the division in the country. In the Euro-election campaign on May 1994, he gave a speech saying that he advocated a 'multi-track, multi-speed, multi-layered' Europe that countries could pick and choose on which areas of co-operation they wished to take up.²¹⁵ However Conservatives could not win the elections of 1994. France and Germany did not like Major's multi-speed of Europe and even Germany argued that a full integration would only be possible without Britain. On September they prepared a report saying that EMU should contain Germany, France and Benelux states but not Britain, which the Prime Minister Major did not approve at all. In one of his speeches, Major pointed out that: "Some of our partners do see the future of Europe as ever-closer political as well as economic integration. We do not believe this is practical, nor, to be frank, desirable. It is not the Europe we joined and it is not a Europe we can accept...Of course, we must be in Europe. But we are in Europe to help shape it, not to be shaped by it."²¹⁶

After the re-election of Major in 1995, the Madrid Summit was held in December. In the Summit, the name of the single currency was decided as the 'Euro' and the Maastricht criteria were also confirmed. But for the sceptics, the acceptance of the Euro would be the end of the Pound, it would bring low growth and high employment in Britain and it would

²¹⁴ See Seldon, *ibid.*, p. 254. Cited in Young, p. 163.

²¹⁵ Young, p. 165.

²¹⁶ <http://www.britishpoliticalspeech.org/speech-archive.htm?speech=142>. 01.07.2014.

restrict economic independence. Kenneth Clarke who was the new Chancellor of the Exchequer and a Euro-enthusiast, came up with a principal of 'wait and see' approach to the Euro. For Blair and Labour, Britain could not sign up for the Euro in 1999. At the time of the general election, which was held in 1st May 1997, the Labours had won most of the seats. It was the lowest number of Conservative seats for over a century and the worst defeat of the Conservative Party since universal suffrage was introduced.

7.3 The Birth of the 'Euro'

In 1997, the Labour Party won the elections for the first time in 18 years and Tony Blair became the new Prime Minister. The main purpose was to make a new and fresh start between Britain and the EU. The new Chancellor of the Exchequer Robin Cook promised to make Britain as the leading country in Europe and this promise was accepted in the Amsterdam Treaty in June 1997. Amsterdam Treaty was held by the European Council in Amsterdam, signed in October 1997 between the EU member states and came into force in May 1999. It was an amendment treaty of the Treaty of European Union and the focus was changes on employment and industrial relations. Moreover tasks about the equality of men and women and a new non-discrimination provision based on religion, sex, age, region, belief, disability and also equality in employment were mentioned in the treaty.

In the country, the Conservative divisions were still continuing and they were trying to show Blair as he was selling out British interests to the European Union. But Blair was always insisted on protecting the interests of Britain and in this way he was acting like his Conservative predecessors. He was having friendly relations and meetings with the United States but according to one of the critics, this was not necessary and also it was a risk of jeopardising the relations of Britain with its European partners.²¹⁷ The policy of Blair was to act in communitaire behaviour. Joining the single currency, which was planned to have in 1999, was still an open question but the Presidency of Blair was more successful than Major's. Cook made many visits to East European countries in order to support for an eastern enlargement. In a speech in Dublin, he also mentioned that unemployment, jobs market, crime and enlargement issues were on his agenda. In spite of all of the talks about a new vision of Europe without threatening the identity, Britain was criticized having no great policy departures and leaving the EU finances unreformed. It was clear that Britain

²¹⁷ See B. Brivati and T. Bale (eds.), 'New Labour in Power' (1997), p. 157. Cited in Young, p. 179.

could do nothing that it claimed. On May 1998, it was agreed that 11 EU countries; Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain would adopt the 'Euro' in January 1999, however the United Kingdom, Denmark, Greece and Sweden would not. On 1 January 1999, the 'Euro' was launched within the member states but the issue of single currency remained the same. Some economists believed that, by 2005 the United Kingdom would have joined the Euro Area, but the five economic tests could not be met and could not be approved in a referendum. In British opinion, no one can promise that the convergence would be sustainable. A single currency had a meaning that there would be no more separate monetary policies but a common Central Bank. Therefore adopting a single currency was not in the interest of the United Kingdom just like the Schengen Agreement in 1995.

8. THE EUROPEAN UNION AND THE UNITED KINGDOM

8.1 The European Union: ‘United in Diversity’

“Europe thus divided into nationalities freely formed and free internally, peace between States would have become easier: the United States of Europe would become a possibility.”²¹⁸

Napoléon Bonaparte

The European Union (EU) is a unique economic and political union that represents a unique form of cooperation between 28 European countries. It is a family of liberal-democratic countries, acting collectively through an institutionalized system of decision-making.²¹⁹ By joining the EU, the member states become a part of the EU treaties, the legislation, and ‘acquis communautaire’²²⁰, and also they share values, human rights and social justice in common. The EU started to become an important issue for every country of the Union. Nevertheless, there were some Europeans who were scared of losing their national autonomy and identity because the political and economic union had increased. The main aim of the European Union was to create an identity, which had close relations between member countries and make the member states feel like they belong to the union. Also the importance of cultural representatives on building the European Union was mentioned by Jean Monnet: “ If Europe needs to be made, we should perhaps start with the culture; the Rome Treaty had made the mistake of not considering culture as one of the European construction’s essential elements.”²²¹

In the EU, there are three bodies in decision-making. These are, the Council of European Union (or the Council of Ministers), the European Parliament and the European Commission. The Council is the main body, which makes new laws, represents national

²¹⁸ http://www.napoleon-series.org/research/napoleon/c_unification.html. 01.07.2014.

²¹⁹ Cini, M.; Perez-Solorzano Borragan, N. (eds.) (2010). *European Union Politics*. P.3.Oxford: Oxford University Press.

²²⁰ Acquis communautaire means total rules and institutions that take place in the main EU treaties, such as foreign relations, security and justice, customs union, education, etc.

²²¹ ‘Parlamento Europeo’ (1983). *Oficina de Publicacion de las Comunidades Europeas*: Luxembourg. p. 2.

governments; their individual interests and coordinates their implementing of economic and foreign policies. The European Parliament is the only body, which selects its members with the votes of the member states. The Parliament is elected every five years by its citizens. It has negotiations on the laws and approves them, which were approved by the Council. Third body the European Commission implements the policies and programs that were approved both by the Council and the Parliament. There are also institutions such as The European Council, Court of Justice of the European Union, the European Central Bank and the Court of Auditors.

According to the demographics of 1 January 2014, the population of the European Union is 507,416,607 people.²²² Chronologically speaking, the European Union has formed of six founding states (the inner six) in 1952, France, Italy, West Germany, Belgium, Luxembourg, and the Netherlands. In 1973 the United Kingdom, Denmark and Ireland joined the Union. Later in 1981 Greece joined. 5 years later in 1986, Spain and its neighbour Poland joined the EU. Sweden, Finland and Austria were added to the Union in 1995. After 9 years in 2004, the biggest enlargement took place with the memberships of Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Cyprus and Malta. In 2007 Romania and Bulgaria joined the Union too and finally in 2013 Croatia became a member of the EU. There are six candidate countries for the membership of the EU today, which are Iceland, Montenegro, Albania, Serbia, Turkey and Macedonia.



Image 1. Member states of the EU²²³

²²² <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tps00001>. 11.07.2014.

²²³ <http://www.bbc.com/news/world-middle-east-24367705>. 11.07.2014.

8.2 British Refusal of the Schengen Agreement

In Europe after the First World War, there were travel restrictions in passport-free travel. The Schengen Agreement of 1985 was an act of the countries for creating a passport-free travel area in Europe. Schengen Agreement was an agreement, which eradicated the borders between EU member states, so the member states could travel by train, plane or car within countries without passports or any type of border control. Also it provides free movement of money, goods and information. The agreement was signed in 1995, in the Luxembourg village of Schengen, between five of the ten member states at that time, which were West Germany, Belgium, Luxembourg, France, and the Netherlands. It is the largest passport-free zone in the world. In 1999, the Treaty of Amsterdam incorporated the Schengen agreement into the law of the European Union. Today, twenty-two European countries out of twenty-eight are in the Schengen Area. Four countries, Bulgaria, Romania, Cyprus and Croatia are not the part of the Area but they want to join some day. The last two, the United Kingdom and Ireland preferred to stay outside of the Schengen Area with their opt-outs. Some non-EU states have also joined the Schengen Area such as Switzerland, Liechtenstein, Iceland and Norway.

By deciding to stay out of the Schengen Area, it was obvious that Britain had just one land border; Republic of Ireland. Despite not joining the Schengen Area, United Kingdom, Ireland and Crown Dependencies signed the agreement of 'Common Travel Area' for minimizing the border controls and letting their citizens to travel without passport. And because of this agreement between two countries, it is impossible for Ireland to join the Schengen Area if the United Kingdom does not want to join; otherwise they have to abandon the treaty. "For the present UK government, full accession to the Schengen area, a passport- free travel area covering most of Europe, is a red line that it will not cross."²²⁴ If Britain had joined the Schengen Area, there would be a fact that immigrations from all over the world would have a chance to come to the UK. The country has concerns about the illegal immigrants and does not want to lose the control of the immigration policy. In 1996, British Foreign Secretary Malcolm Rifkind, in the House of Commons Debates, explained the reason why the United Kingdom did not join the Schengen Area. He stated that, for an island, frontier controls are the best way to prevent illegal immigration. But it

²²⁴ Emerson, M., 'Britain, Ireland and Schengen: Time for a Smarter Bargain on Visas' (2011). Centre for European Policy Studies Policy Briefs No. 249. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1945744. 11.07.2014.

would be different for the partners with extensive and permeable land borders. They rely on identity cards, residence permits and that could be a sensible for them, but it is not a suitable to Britain's geography or its traditions.²²⁵

The former British Foreign Secretary, current Leader of the House of Commons William Hague mentioned in his speech in 2010 that: "We are a world-class destination for international business, we are a global hub for creativity and innovation, a center of the world's financial services industry and a leading champion of free trade and economic liberalism."²²⁶ In this speech, it can be seen that the British visa policy is losing its confidence. According to Michael Emerson, British international branding is a very important instrument that makes up an economy's attractiveness for trade, tourism and investment, as a result, of its competitiveness.²²⁷

According to Georg Pfeifer, the Manager of the 'Haus der Europäischen Union' in Vienna, the reason why the UK did not join the Schengen Area "...comes from their understanding of what the Union should be. For them the Union should have remained as a pure economic cooperation and an economic Union where you share the advantages of tearing down barriers to internal trade among the member states; that is all they wanted to have."²²⁸ And according to the question of whether the UK would join the Area in the future Pfeifer mentioned that it was an agreement among EU member states and it is open to every European country to join but there is no obligation.²²⁹

Also in another point of view, the British short-term visa costs too much than the Schengen visa. 3 month tourist visa for Britain costs around £80, but the Schengen tourist visa costs around €60. For longer-term visas, the result is incredibly higher in Britain, however the Schengen countries began to make new visa arrangements with some countries to reduce the costs of the visas. Thus, it seems that the international tourism and travel market will not grow in the United Kingdom. What can be done, for Emerson, is that the UK and

²²⁵ <http://www.publications.parliament.uk/pa/cm199697/cmhansrd/vo961212/debtext/61212-13.htm>. 17.07.2014.

²²⁶ <https://www.gov.uk/government/speeches/britain-s-prosperity-in-a-networked-world>. 17.07.2014.

²²⁷ See M. Emerson, p.3.

²²⁸ Personal interview with George Pfeifer.27.05.2014.

²²⁹ See *ibid*.

Ireland need to submit a request in order to make mutual recognition agreements with the Schengen members for each other's short-term visas.²³⁰

8.3 British Refusal of the Single Currency 'Euro'

Adopting a single currency was the most important step in European integration. The euro became the symbol of the European identity. The euro symbol '€', which came from the Greek letter epsilon and represents the first letter of the word 'Europe' was created by the European Commission. Also the two parallel lines running through the symbol means stability. Banknotes contain many security features like watermark and banknote designs, which have the theme 'the ages and styles of Europe'. By adopting a single currency, member countries started to take decisions at the EU level, which gave them a powerful voice in the economy. Purposes of adopting the Euro were providing more integrated financial markets, giving more opportunities for markets, stable prices for citizens, improving economic stability and growth and increasing trades between countries. Some economists and politicians stated that the EMU was the best way to have low inflation rates in the EU.

It was not an obligation to use the Euro as a single currency in the EU; it was optional. The United Kingdom has had a single national currency in post Roman times and thus it is the first country in Europe in this sense. After Tony Blair became the Prime Minister in 2003, on 9 June the Chancellor of the Exchequer Gordon Brown published 'five economic tests' in order to see if the economy of the UK could benefit from joining the single currency. If the test could have been passed, the government would hold a referendum by June 2003 whether to join the Euro Area. The five economic tests were:

- 1- If the business cycles in the euro zone and the United Kingdom were compatible in order to live permanently with euro interest rates and inflation.
- 2- If the economy of United Kingdom was flexible by the time of any problem or shock.
- 3- If the UK participation in the single currency would create better investment in the country.
- 4- If the competitive position of the financial services industry in the UK would be improved.

²³⁰ See Emerson, p.5.

- 5- If the EMU would have positive gains on employment, growth and stability in the UK.²³¹

According to the results of the government, four of the five tests had not been satisfied and therefore there was no need to have a referendum on UK membership of the Eurozone that means Euro membership was off the agenda. Since countries had the right to opt-out from treaties or legislation in the European Union, the UK negotiated an opt-out.

Britain had no deep attachment to Europe as a political identity like the Spain or Greece.²³² Even, it was seen as joy destroying and recession creating. EMU membership would mean important changes in the macroeconomic policies of the UK and it would mean “the end of a regime in which the UK pound sterling floats against the euro.”²³³ Giving the domestic monetary autonomy to the ECB would mean giving up flexibility on exchange rates and short-term interest rates. The governments of the UK have many times mentioned that the time was not right for Britain and therefore they did not want to make any changes. It was also because the British Pound was the major components of the money markets of the world. Furthermore, to devalue the domestic currency in order to restore international competitiveness might bring economic costs and risks and this might lead to growing social dislocation and rising economic inequality within the European Union.²³⁴

The UK Independence Party “predict that the euro will either collapse completely, or split along its natural fault-line, leaving the 'PIIGS' ²³⁵ countries with a 'bad euro' or going back to their national currencies.”²³⁶ They believe, otherwise there would be no prospect of Britain joining into a failed political currency. They think the Eurozone got itself into this mess and had to find its way out by itself. However, the Eurozone entry would also bring positive effects into the UK such as an increase in intra-European trade flows and higher capital investment resulting from the development of a single currency.²³⁷ The single currency also means a Single European Market, which would make the European Union

²³¹ See

http://europa.eu/legislation_summaries/economic_and_monetary_affairs/institutional_and_economic_framework/125060_en.htm. 19.08.2014.

²³² <http://www.theguardian.com/business/economics-blog/2013/jun/02/britain-euro-what-if-joined>. 19.08.2014.

²³³ DiCecio Riccardo , Nelson Edward, “Euro Membership as a U.K. Monetary Policy Option Results from a Structural Model”, 2010, p.6

²³⁴ See <http://www.historylearningsite.co.uk/euro.htm>. 19.08.2014.

²³⁵ Portugal, Italy, Ireland, Greece and Spain

²³⁶ E-mail interview with David Challice .29.05.2014

²³⁷ See <http://www.historylearningsite.co.uk/euro.htm>. 19.08.2014.

powerful and thus the UK might benefit from this. The Eurozone could stabilize Britain's economy and have a positive effect on the Gross Domestic Product (GDP). Moreover it would mean that the economy of the UK bring people back into employment and so that the economic efficiency would be improved.

9. TODAY: THE UK vs. THE EU

9.1 Mind the Gap

*"Countries are different. They make different choices. We cannot harmonise everything."*²³⁸

David Cameron

"The UK's position in Europe has long in some way 'different' than in other countries."²³⁹ In 1975, after joining the EEC, the UK held a referendum whether to remain in the EEC or not. Next year, Labour Party decided to make renegotiations about the EEC membership of the UK and then after the new terms decided, they wanted to hold a new referendum. In the referendum, the majority wanted to stay in the EEC. During his government, Tony Blair had efforts to put Britain into the heart of Europe, but his successors had failed it. Although Blair tried to make citizens love Europe, the citizens were very much concerning about it.

A withdrawal from the EU is a right of member states under the Treaty of Lisbon Article 50: "Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements."²⁴⁰ And in 2013, David Cameron put the issue on the table, which has been uncertain since many years. The reason why the UK wants to opt-out from the EU is that the EU law jurisdiction is different than the UK. Britain believes that the European Court of Justice decisions are undermining the British law system and they are worried about the further integration in the Justice and Home Affairs (JHA) would mean the loss of sovereignty in the EU.²⁴¹ Also in 2010 the Conservatives promised that the powers would come back to Britain from Brussels and also said if the other member states would reject this, then the UK should leave the Union. Because Britain is a separate island, most of the British people do not see themselves as European. When Britain entered

²³⁸ <https://www.gov.uk/government/speeches/eu-speech-at-bloomberg>. 19.08.2014.

²³⁹ Koutrakou, Vassiliki N.; Emerson, Lucie A. (2000). *The European Union and Britain: Debating the challenges ahead*. p. xvii. New York: St. Martin's Press.

²⁴⁰ <http://www.lisbon-treaty.org/wcm/the-lisbon-treaty/treaty-on-European-union-and-comments/title-6-final-provisions/137-article-50.html>. 19.08.2014.

²⁴¹ <http://pinpointpolitics.co.uk/britain-and-the-eu-euro-dogma-vs-public-safety/>. 19.08.2014.

the EEC in 1973, its position in Europe became Eurosceptic. Therefore they acted very carefully in accepting European policies.

The last time that Conservatives won the election was in year 1992. In the general election of 2010, the leader of the Conservative Party David Cameron elected as the Prime Minister of the United Kingdom. Cameron runs a coalition government with the Liberal Democrat leader Nick Clegg. In his European Union speech at Bloomberg in 23 January 2013, Cameron have stated that the main purpose of the European Union is not to win peace but to secure prosperity and then to build a strong economic base across the whole of Europe. He wanted more independence from Brussels. Cameron identified three major challenges of Britain in his speeches, which were the Eurozone, the crisis of European competitiveness and the gap between the EU and it's citizens. About the Eurozone, he said Britain is not going to be in the single currency, but the Eurozone needs to have the right governance. He stated that there is a question mark over Britain's place in the European Union and ignoring it won't make it go away.²⁴² He said;

It is much more likely that the British people will reject the EU...That is why I am in favour of a referendum...But I don't believe that to make a decision at this moment is the right way forward, either for Britain or for Europe as a whole...A vote today between the status quo and leaving would be an entirely false choice.²⁴³

To solve these problems of Britain, Cameron introduced his principles for the future of the EU which are; a strong and competitive single market, a more flexible Union, powers that have to flow back from the Union to Member states, increase in the democratic legitimacy and fairness of the rules of the Eurozone. That is why he said that if the Conservative Party gets the majority and win in the General Election of 2015, his government would make negotiations with the European Union about the British membership. He also promised to hold a referendum in 2017 to see whether Britain will stay in or stay out of the EU. He even said that if he will not deliver a vote on EU membership, he will resign as Prime Minister. Many political leaders opposed the idea of a referendum because they do not want a renegotiation about the British membership; they want to remain in the EU. Beginning from 2010, citizens that oppose the membership of the EU have been increasing and there are many who are undecided. Interestingly, if Britain renegotiates its terms with

²⁴² <https://www.gov.uk/government/speeches/eu-speech-at-bloomberg>. 19.08.2014.

²⁴³ <https://www.gov.uk/government/speeches/eu-speech-at-bloomberg>. 19.08.2014.

the EU and the interests get better, then a big amount of the ones who oppose say that they would vote yes.²⁴⁴

The United Kingdom Independence Party (UKIP) started to make campaigns against British membership from 2004 and they started have many supporters and threaten the government. The party leader Nigel Farage told that the bill is ‘nothing more than gesture politics’²⁴⁵. He said that UKIP is not a party dominated by ambition power, but a party by dominated by the view to get back the independence, freedom and self governance of this country.²⁴⁶ He was happy because the issue of leaving the EU had been out on the agenda. There were rumors that there will be no need for UKIP anymore but Farage told that this is not acceptable and his party was even more relevant. If the Prime Minister would suggested a referendum that is fully free and fair, Farage would accept it, but he believed that Cameron was forced to hold a referendum by the public union. About the renegotiations with the EU, Farage said that the EU has already said the changes can be possible without a new treaty. Also some members of the Parliament of the Conservative Party think that Cameron has a wrong strategy about opening a division in the party about whether the UK should remain in the EU or not. They said, Conservatives first need to win the election and then talking about changing their relationship with the EU could be possible to happen.

According to the survey of the Huffington Post in 2013, when people were asked which party leader they trust most, the answers were mostly the Conservatives and this might be why Cameron trusted on himself that much.²⁴⁷ The UK Foreign Secretary Douglas Alexander mentioned that their agenda is not exiting from the European Union but a reform and a change within Europe. Just like Prime Minister said in his speech on January; if they leave the EU this would be a one-way ticket. On a TV programme in February, The Conservative Party Member David Davis said that the Prime Minister Cameron wants to have a renegotiation with the European Union about their relationship and that would require a treaty change. If this does not happen, then Cameron’s aim of arguing to stay in would be undermined. So if there is no change between the relationship of the UK and the

²⁴⁴ See http://cdn.yougov.com/cumulus_uploads/document/65qzen2gxe/YG-Archive-Pol-Sun-results-160614.pdf. 19.08.2014.

²⁴⁵ See <http://euobserver.com/political/120108>. 19.08.2014.

²⁴⁶ <http://www.theguardian.com/politics/video/2013/jan/23/ukip-nigel-farage-david-camerons-referendum-speech-video>. 13.09.2014.

²⁴⁷ http://www.huffingtonpost.co.uk/peter-kellner/eu-vote_b_2519097.html?utm_hp_ref=uk-politics&utm_hp_ref=uk. 13.09.2014.

EU, many British people would not want to stay in. As an answer to Davis, the EU trade commissioner Karel de Gucht stated that Britain has many more reasons to stay in than to stay out, because Britain is playing a very important role in establishing the internal markets also in the enlargement to the eastern countries. He thinks Britain is not going to leave the European Union and therefore he does not see any treaty change in the foreseeable future. He stated that because the process of changing a treaty has to be done by unanimity; there will be not only the demands of the UK on the table but also the demands by all the other member states.²⁴⁸

The Labour Party and the Liberal Democrats are opposed to an 'in or out' referendum. They both believed that it would damage country's economic recovery. According to the Labor, it is not the right choice for the United Kingdom because the priority of the government should be securing economic recovery at the time. They announced on May a political campaign called 'Labour for a Referendum' (LfR) for making a referendum in the United Kingdom just like the Conservatives. The members of Labour who run this campaign believed that, this campaign would help to secure a victory in the UK General election of 2015 and help to unite the party by giving people the right to say about the future of the UK. The Liberal Democrats said that they had no demands for a reform for the single market or a new relationship for Britain. Rather having a referendum on an in or out, they want a referendum on a new treaty if it transferred more powers to EU.²⁴⁹ The leader of the party Clegg stated that Cameron's referendum is not the national interest and the renegotiation would hit jobs and growth.

On the same month the Conservatives have published a draft of the 'EU Referendum Bill',²⁵⁰ and pointed out their plans for renegotiation. It was stated in the bill that the referendum must be held until 31 December 2017. In the bill, the Conservatives mentioned that if they win the next election, public could say their opinion on the UK's membership in European Union. Cameron pointed out that only his party is offering a clear choice about the UK's future in Europe.²⁵¹ However the Former Chancellor of the Exchequer Lord Lawson said in his speech that what Cameron wants to do is "inconsequential as any

²⁴⁸ <http://www.bbc.com/news/uk-politics-21615868>. 14.09.2014.

²⁴⁹ http://www.lse.ac.uk/assets/richmedia/channels/government/slides/20140326_week20_britainAndTheEUpartII_sl.pdf. 14.09.2014.

²⁵⁰ The European Union Referendum Bill: http://www.publications.parliament.uk/pa/bills/cbill/2013-2014/0011/cbill_2013-20140011_en_2.htm. 14.09.2014.

²⁵¹ See <http://www.bbc.com/news/uk-politics-22530655>. 14.09.2014.

powers ceded by the member states to the EU are ceded irrevocably.”²⁵² He believed that the main subject of the UK and the EU has changed after the creation of the European Monetary Union and the Eurozone. In his opinion, the UK is not the part of these either, because the interests of the UK are different from the others and they are never at the heart of the Europe.

In June, the political campaign ‘Let Britain Decide’ was announced by the Conservative Party. The aim of the campaign was holding a referendum until the elections in 2015 and letting the British people decide whether to have a referendum by the end of 2017 or not. But the Labour and the Liberal Democrats opposed to this campaign of letting the people decide. In the official website of the campaign ‘www.letbritaindecide.com’, it has written that Britain needs a fundamental change because it’s relationship with the EU is not working. Also the conservatives added to the website what they had changes in Europe like cutting the budget and vetoing a new EU treaty. As a result they stated that they want to go further renegotiating Britain’s relationship with Europe and giving the citizens the final say with the referendum by the end of 2017. According to the website, if people want a referendum they need to support the campaign by signing the petition on the website. The website gives a clear percentage of 62% who believes Britain needs a referendum on Europe. The website provokes people by saying more than once that, only the Conservatives would deliver the referendum, Labour and the Liberal Democrats would not and the UKIP could not.

The Institute of Economic Affairs (IEA) has announced in July 2013 that they would make a competition to find a plan, which was the best for a UK exit from the European Union. The requirements for the plan ‘Brexit’ was, writing an outline proposal of 2,000 words by 16 September. 20 of the best proposals were being asked to make a detailed version. There were nine judges including the former Chancellor of the Exchequer Lord Lawson. The price for the winner was 100,000 Euros. Announced on 8 April 2014, Iain Mansfield, who is the Director of Trade and Investment at the UK’s embassy in the Philippines, won the IEA Brexit Prize. Mansfield’s entry called the UK to join the European Free Trade Association, as well as for the introduction of a ‘Great Repeal Bill’. According to the plan of Mansfield, economic shocks would be prevented in trade and reduce the bureaucratic burden on British business. He stated that a Brexit must be a political rather than an economic decision and that if it occurred; the UK economy would experience a £1.3bn

²⁵² <http://www.bbc.com/news/uk-politics-22429790>. 14.09.2014.

increase in GDP.²⁵³

There is an on going debate between the Conservative and the Labour. About the Cameron's referendum, the Labour Party leader Ed Miliband was accusing Cameron to be dominated not by how the UK will tackle the costs of living crisis, protect national service and getting jobs for the young people, but the most damaging obsession whether the UK should leave the European Union.²⁵⁴ He said there is no need to look into a crystal ball to see what will happen and Britain have seen the examples in Major's government. After the referendum promise of Cameron, the Labour Party said that they would only hold a referendum about the transfer of powers to Brussels. But Miliband does not want to have a voting about this issue at the time because he does not want to have a risk for the next elections to become a Prime Minister of the UK. But because of this, if the public certainly wants referendum; they need to go after the Conservatives.

By leaving the European Union, Miliband thinks it makes the Conservative Party dangerous. He said that the Prime Minister should know that acting a position of weakness, but not strength, is not the national interest, just like Clegg said last year. Miliband said that there should be no transfer of powers, without a clear choice about whether Britain stays in the EU. In his point of view, the referendum would bring damage and a risk to investment in the British economy. He argued about the requirements of EU reforms and in contrast to Cameron he said these could be achieved without a new treaty. According to Miliband these reforms are;

- ❖ Completing the single market in energy, services and the digital economy.
- ❖ Lengthening the transitional period during which restrictions can be curbed on immigration from new member states.
- ❖ Making it easier to deport recent immigrants who have broken the law.²⁵⁵

However Cameron said that the Labour made no sense. According to him everything was very clear because the only way to give people a chance to say their own opinions is a referendum about Britain's position in Europe. He said if the people elect a Labour government in the next elections, there would be no referendum and reform. He stated his seven points of key priorities in the 'Sunday Telegraph' as;

²⁵³ <http://www.iea.org.uk/brexit>. 14.09.2014.

²⁵⁴ <http://www.bbc.com/news/uk-politics-26538420>. 14.09.2014.

²⁵⁵ <http://www.bbc.com/news/uk-politics-26538420>. 14.09.2014.

- ❖ Powers flowing away from Brussels, not always to it.
- ❖ National parliaments able to work together to block unwanted European legislation.
- ❖ Businesses liberated from red tape and benefiting from the strength of the EU's own market to open up greater free trade with North America and Asia.
- ❖ UK police forces and justice systems able to protect British citizens, unencumbered by unnecessary interference from the European institutions, including the European court of human rights.
- ❖ Free movement to take up work, not free benefits.
- ❖ Support for the continued enlargement of the EU to new members but with new mechanisms in place to prevent vast migrations across the continent.
- ❖ Ensuring Britain is no longer subject to the concept of "ever closer union", enshrined in the treaty signed by every EU country.²⁵⁶

The Labour Party stated that since Ed Miliband became the leader of the party, the votes of the Labour moved forward and they emphasized this as the improvement of the Labour. About the next general election in the UK, the Labour stated that if they lose it would be the worst recession ever and they would lose their votes permanently. In March, the Labour leader Miliband said that a referendum would be unlikely in the 2015-20 if he would be elected as prime minister, but he promised to hold a referendum if Britain proposed to hand more powers to the European Union.²⁵⁷

Conservatives were also struggling to deal with the popularity of UKIP. This Eurosceptic party was founded in 1993 and the leader of the party is Nigel Farage. The UKIP was growing fastly and in the European Parliament elections on 22 May 2014, the party won the elections. It was the first time in British history that an independence party won the elections and also it was the first time since a hundred years that a party except Conservative or Labour won the elections. The party had only 1% votes in their first election twenty years ago, and today they got the majority of votes. After his victory, Farage said they would target a dozen or more seats in next year's general election.²⁵⁸

²⁵⁶ <http://www.theguardian.com/world/2014/mar/16/david-cameron-eu-reform>. 14.09.2014.

²⁵⁷ <http://www.independent.co.uk/news/uk/politics/european-elections-2014-labour-mps-call-on-ed-miliband-to-promise-a-european-referendum-9433724.html>. 14.09.2014.

²⁵⁸ <http://www.bbc.com/news/uk-politics-27567744>. 14.09.2014.

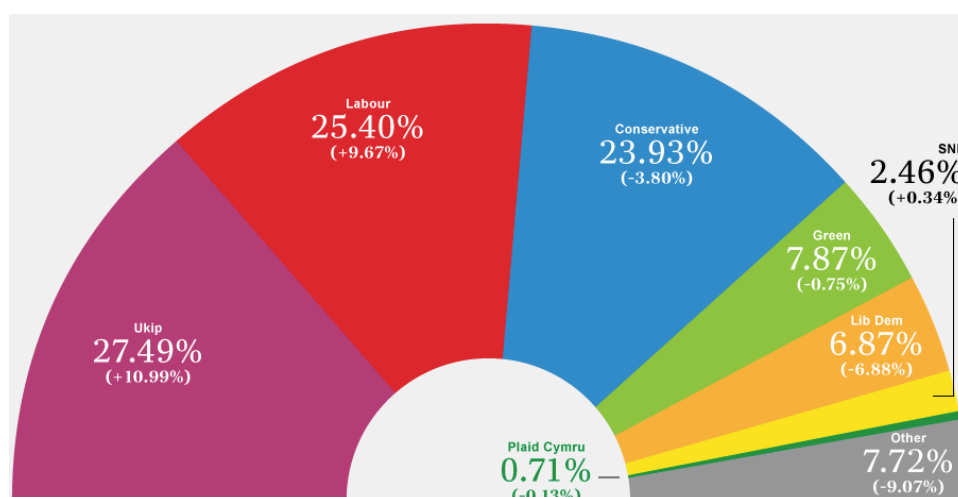


Image 2. 2014 European Parliament Election²⁵⁹

The result was like an earthquake for the UK and the UK was thinking that it was threatening. Martin Callanan, who was the former Conservative leader in Europe said: "My advice is to my party not to panic, to be calm and to be reflective. We must not obsess about Europe."²⁶⁰ Cameron said on the BBC Channel that, people give votes to send a message to the government. He said he had the message in these elections that people want changes in Europe in terms of jobs and economy and he sees this as a demand to deliver them.²⁶¹

UKIP made protestations on the idea of the Conservatives. But the party also would like to have a referendum whether the UK stays in the EU. Despite being an opponent, in the elections of 2014, UKIP had half of its votes from the Conservative voters and they believe that in the next general election, the majority of the Conservatives will fall apart. About a serious opt-out, the UKIP Head Office mentioned that if that happens, Britain will be free to run its own affairs, trading with the world, administering its own judicial system and deciding its own immigration policy and said they would be very happy to lose their rights in the EU, in the same way when someone leaves prison they loses their access to the Prison Library.²⁶² The Party believed that, both coalitions promised to have a referendum before they elected, but Liberal Democrats canceled their offer and Cameron's promise was

²⁵⁹ <http://www.telegraph.co.uk/news/politics/david-cameron/10856133/David-Cameron-Nigel-Farage-wants-to-destroy-the-Conservatives.html>. 15.09.2014.

²⁶⁰ <http://www.theguardian.com/politics/2014/may/26/ukip-european-elections-political-earthquake>. 15.09.2014.

²⁶¹ <http://www.bbc.com/news/uk-politics-27567744>. 15.09.2014.

²⁶² E-Mail interview with David Challice .29.05.2014. 15.09.2014.

also just hot air.²⁶³ They stated that these are the reasons why the public should not trust on Cameron and the only way to have a real promise of referendum is to vote UKIP. However Cameron said they will work hard and give people what they demand and finally in the end they would be the one who win the elections, not UKIP.

The Conservatives has many debates about the same issue with their coalition Liberal Democrats. Liberal Democrats say that David Cameron did not say that they would not pull out only if there is a treaty change. He said he was going to renegotiate Britain's position in the EU whether anybody else wants a treaty change or not. They think that the EU wants to work together with Britain and pick up the economy through the reform of the single market and new free trade agreements with other countries. They believe that the core issue of Europe is single market and British business do very well in the single market and also they gave support to its creation. However the Conservatives blame the EU of doing nothing, but the Liberal Democrats say that they agree on a reform of the EU with the other members and they say they are winning in so many areas therefore Britain needs to stay in. But the Conservatives think nothing will turn up. The Liberal Democrats says, the businesses all think that what Cameron offered is crazy and it risks the business but the Conservatives thinks more than half of the businesses are supporting Cameron's strategy. They say although it has been said that the EU and the UK might work together in a harmony, it will not solve any fundamental problems in Europe like the competitiveness crisis and pretending that everything works fine on common agriculture or common fisheries policies. They think they need to do something like getting rid of the thoughts that hinders their performance in the common market and take them down; otherwise Britain will get poorer, less democratic and less free. And so they think they need to make the business working again, become more competitive and start competing with the rest of the world. But the Liberal Democrats believe that if the UK leaves the EU, a lot of British jobs and foreign direct investment would be at risk.

²⁶³ <http://www.newstatesman.com/politics/2014/08/ukip-still-claim-labour-will-promise-eu-referendum-what-if-theyre-wrong>. 15.09.2014.

9.2 The Consequences of a Possible "Opt-out"

It is not only a case of business, it is also about the democracy, economy and about the best working arrangements that European nations would have in the future. According to the opposition, Cameron is accidentally proposing a referendum in 2017 when Britain due to have the presidency of the EU in the second half of the year. Cameron was founded right to call for a fundamental reform in Europe, but if one country renegotiate then the other members may want the same too and then the issue would become complicated.

Looking at the loss or gains of the UK, the coalition government have both different views on this. The Liberal Democrats say that, the UK would lose not only jobs and investment but also the protection such as the cooperation between the EU police sources and judiciary. They believe Britain would survive by its own but become a very poor country. They say that the Liberal Democrats are here today because they believe the European Union is a good thing. Moreover they believe that they quite a lot succeed in reforming some policies. If the UK leaves the EU, the UK not only will lose policies have less pressure for reform, but they will lose all of the benefits that they bring.

For the Conservatives, the Justice and Home Affairs do not work well and they need to do something. They are looking after a reform in the social employment policy; a fundamental reform on common fisheries policies, which they believe is a disaster and common agriculture policy, justice and home affairs. They say, they are supporting the cooperation with nations.

About the effects on the EU, the Liberal Democrats think that the EU countries would be relieved in the first place because many countries that wanted to have cooperation in many areas with the UK felt held back by the UK. An example can be the defence cooperation, which the UK is resisting. They think the EU would change because the UK would not be a part and the protectionism would be less strong and that would cause a problem in Britain. The EU would survive without the UK but they believe it would be not that easy for the UK. But for the Conservatives, the EU is the one who will suffer. Loosing a liberal market and a free trade would be damaging for the EU. They believe that the two important military powers in the EU are the UK and France. And if the EU loses the UK, European defence cooperation would be nonsense. They say the other member states spent a tiny amount on the defence cooperation and that is why the idea that there is a significant input on defense is nonsense. They say the defence cooperation works fine in the UK with

the United States and France but however the Liberal Democrats believe that Americans are not prepared to solve all the problems in Europe and because of that they wanted to do more in terms of defence cooperation. Also they are accusing the Conservatives in the way they act very nationally and isolate Britain from the rest of the world. But the Conservatives are strongly regretting this view by saying that they are not in favour of special privileges for the UK.

The Liberal Democrats believe that in the end, the UK will not leave the EU. And they think should not be, because there are problems like world population growth, immigration, climate change, energy security, fighting with international organized crime and all of these require cooperation with neighbours and that is why the Liberal Democrats are in favour of staying in.

Viewing the issue internationally, The German Defence Minister, Thomas de Maiziere, said that Germany is concerned about losing the UK as a partner on the security issues. He also claimed British exit would weaken NATO. He was talking in favour of Britain as claiming that he was thinking about the disadvantages that Britain would have. He believes that Britain would lose its role outside the EU. Germany thinks the UK withdrawal will change the EU and European integration. A withdrawal may affect the protectionism in the EU, and make the existing division even worse. They suggest that, the EU could feel free by losing its awkward member so that it can lead easily and effectively.

The German Chancellor Angela Merkel claimed that they wanted to act together with Britain in Europe and make the EU stronger, more stable and more competitive. A strong EU needs strong members to represent the common interests in the world and self confident. She says Britain and Europe work better together and European nations should focus on economic prosperity to bring peace, freedom and prosperity for future generations.²⁶⁴ As being described as the leader of the European Union, Merkel said that the UK has to win to support of all the member states of the EU. She also claimed that,

"I firmly believe that what we are discussing here is feasible, is doable ... it is not a piece of cake. It is going to be a lot of work. But we have already worked quite hard on other issues. If one wants Britain to remain in the EU, which is what I want, if

²⁶⁴ <http://www.theguardian.com/world/video/2014/feb/27/angela-merkel-uk-parliament-europe-britain-video>. 16.09.2014.

one at the same time wants a competitive union that generates growth, one can find common solutions."²⁶⁵

Cameron wanted to have negotiations which he would planed to make for the UK, but Merkel said this would be a limited treatment for just one member state. But she said that if anyone would think that she would say the EU is fully prepared to help or negotiate with Britain, they would be disappointed. Therefore she did not support a fundamental reform of the EU the way that Cameron wants it to be, but Merkel also believes that Britain should stay inside to help make it more competitive. She said that "Germany and Britain, share the goal of seeing a strong competitive EU join forces."²⁶⁶ What Merkel wants to do is strengthening the institutions and harmonising the processes of the Eurozone countries. But this means a more effective EU; the changes should strengthen the EU too. But however Cameron wants a weaker EU. He said that "The chancellor sent an unmistakable message to London: We hear you and we're with you, tinkering and tailoring yes, but upending and overhauling the European treaties, no way."²⁶⁷ It is not guaranteed that they both could argue on these issues.

France as an effective membership of the EU was also not thinking in the same way with the Conservatives. Former French Foreign Minister Bernard Kouchner said that the UK not to play with the referendum, because it could be the worst solution to change Europe and they need Europe.²⁶⁸ Moreover the 'Haus der Europäischen Union' in Austria believes that Britain will not move out from the Union. In the end, when there will be a referendum, to opt out from the EU would not be the smartest move they can do. They stated that there is no way that, the other member states will continue to always give in to the UK in order to solve their political problems internally. According to them, the European Union would be economically and politically weakened and nobody would really have something to win.²⁶⁹

The United States think that, other EU members are not taking Britain seriously and also US officials do not see Britain as anything more than a medium-sized power in its own

²⁶⁵ <http://www.theguardian.com/world/2014/feb/27/angela-merkel-eu-treaty-warning-Britain>. 16.09.2014.

²⁶⁶ Ibid. 16.09.2014.

²⁶⁷ <http://uk.reuters.com/article/2014/02/27/uk-britain-germany-merkel-eu-idUKBREA1Q11F20140227>. 16.09.2014.

²⁶⁸ <http://www.bbc.com/news/uk-politics-22530655>. 16.09.2014.

²⁶⁹ Personal interview with George Pfeifer. 27.05.2014.

right.²⁷⁰ For the US, British opt-out from the EU is not their interest, but the US President Barack Obama mentioned that Britain would lose its British voice and diminish its power if they move out from the Union.²⁷¹ According to US thinking, UK is a strong country for being in the European Union and also European Union is strong for having the UK as a member because the UK has one of the biggest economies in the world. But some officials in Washington think that the EU speech of David Cameron threatens this role of the United Kingdom in the European Union and makes the situation more complicated for both the UK and the world.

²⁷⁰ See <http://www.bbc.com/news/world-us-canada-21170859>. 16.09.2014.

²⁷¹ Ibid. 16.09.2014.

10. CONCLUSION

*"I think Britain would be alright, if only we had a different Government."*²⁷²

William Hague

Britain has a central and an important role in the European Union. Possessive of a strong national identity, a unique island status, a plethora of wartime experiences and a tenacious hold over its sovereignty, Britain has long been invested with an 'awkward partner' status.²⁷³ No member state has ever left the European Union. An "Out" vote in a British referendum would be a major historic geo-political and economic event, perhaps even comparable with the fall of the Berlin Wall and the subsequent collapse of the Soviet Union and re-unification of Germany.²⁷⁴

"Every member state brings along a certain history and the history sometimes brings rather long legacy or something you carry around for a long time."²⁷⁵ The UK had seen many different kinds of Prime Ministers in its history. The Conservative Winston Churchill, for example, after losing his power in 1945 and then regaining in 1951, wanted to have a 'United States of Europe' to bring a long term peace, freedom and safety. But he also said that Britain is with Europe, but not of it. Also Churchill wanted to have a partnership between France and Germany for the peace of the EU nations. Another Conservative Prime Minister Harold Macmillan wanted Britain to join the EEC. He said there was no need to have a fear whether the relationship between the UK and the Commonwealth of Nations would be damaged. He stated that the EEC membership and the Commonwealth would be complementary.²⁷⁶ In his point of view the right place for the UK was in a unity of the free world. He was thinking that this could be possible by staying in rather than going out. But in 1963, the UK membership of the EEC was vetoed by Charles de Gaulle.

²⁷² http://news.bbc.co.uk/2/hi/uk_news/politics/1201755.stm. 16.09.2014.

²⁷³ <http://theses.bham.ac.uk/3830/1/Gibbins12PhD.pdf>. 16.09.2014.

²⁷⁴ <http://www.iea.org.uk/brexit>. 16.09.2014.

²⁷⁵ Personal interview with George Pfeifer. 27.05.2014.

²⁷⁶ <http://www.bbc.com/news/uk-politics-21030153>. 16.09.2014.

The Prime Minister Edward Heath in 1972, did what Macmillan could not do and the UK joined the EEC. He said this was a common relationship with the EU, but he said that was also overseeing the national identity of the UK. But Heath did not mention that Commonwealth and the EEC were complementary, like Macmillan did. He was seeing the EEC as a protection wall against communism in order to make it weak and he wanted the EEC to provide good relations with the countries, which were under Soviets. However the so-called 'Iron Lady' and the Conservative Prime Minister Margaret Thatcher, has mentioned that, she had no problems with the EEC. She believed that the EEC had a vision of Europe that was aimed to help its member states. Also, she believed that the power should not be located in Brussels and she wanted Britain inside the Europe, as a part of the Community. The Conservative government of John Major also wanted Britain to remain in Europe but also to protect their national identity. He wanted to a change and shape for Britain in Europe. He believed that the EEC, the new EU in 1993, was a gift that was given. The next Prime Minister who was from the Labour Party, Tony Blair was aimed an Eastern enlargement in the EU. He wanted Europe to deal with the effects of the globalisation and creates more jobs and an effective economy. And for Britain, he wanted his country to lead and shape the direction of Europe by working with the others in order to provide a better economy for Britain. The former Prime Minister Gordon Brown, who was governing the UK just before David Cameron, was from the Labour. Just like Blair, he believed that the EU would deal with the effects of the globalization and the economic crisis by using its power and skills.

When looking at the referendum history of the UK, we see that after joining the EEC, in 1974 the Labour under Harold Wilson said they would hold a referendum whether to remain in the EEC. The result was not against the EEC membership and therefore the UK stayed. In 1983, the Labour wanted to have negotiations to leave the EC if they were elected but they lost in the elections and nothing had happened. In 1993, the Conservatives wanted to hold a referendum on the Maastricht Treaty but they failed. In 2004, Labour Prime Minister Tony Blair decided to hold a referendum on ratification of the European Constitution Treaty but he did not mention about a certain date. In 2005, Labours, the Conservatives and the Liberal Democrats promised to hold a referendum on the ratification of the European Constitution if they were elected in the General elections, but it was then rejected. After the ratification of the Lisbon Treaty, David Cameron said in 2009 that he could not hold a referendum on the ratification of the treaty because it has already been terrified from all the EU members. In the same year, the UKIP hold a referendum on UK

membership of the EU but had only 16% votes. In 2010, Liberal Democrats said that they will hold an in or out referendum if there is a fundamental change in the EU treaty negotiations. In the next year there was a petition for a referendum on the EU membership and a lot of people signed it. But the call for a referendum was defeated in the Commons. And finally, in January 2013 the current Conservative Prime Minister David Cameron told that if he wins the next General election, he would seek to renegotiate with the EU about the UK membership and hold a referendum for the British people to make their choice.

Referring Cameron's speech²⁷⁷ on 23 January 2014, Cameron describes Britain as an island nation, independent, passionate in defence of its sovereignty and a country that turns its face to the world. He stated that, for Britain the European Union is a means to an end of prosperity, stability. But he also stated that all the opinions of the party today do not make them anti-European. But he said that if the UK is not comfortable being in the EU after 40 years, they never will be. He stated that Britain has always been a European power and it always will be. He wants a relationship for Britain and the EU, which keeps Britain in it. Cameron does not want the best for Britain; he also wants the best for Europe too. He wants a Britain that plays a committed and an active part in the European Union. He also knows very clear that, if they leave the European Union, it would be no return.

If we look at the surveys, in the beginning of January 2013, the surveys found that 40% of people wanted to stay in the EU and 34% wanted to withdraw. But at the end of the month, after Cameron's pledge of in or out referendum, this time 40% of the citizens wanted to leave the EU, 37% were in favour of staying and there were 23% who were unsure. According to the last surveys in 25 August 2014, 54% of the voters wanted to remain in the EU, 26% wanted to leave and 16% were unsure.²⁷⁸

In terms of a possible deal between the UK and the EU, is it possible to have one? According to the Conservatives, it will depend on who is in power and how much the EU and UK wants to stay in. Cameron believes that if they were alone then they would be free to take their own decisions but they do not leave NATO because it is in their national interest to stay and benefit from its collective defense guarantee. He said he will have renegotiations in the areas that does not work between the EU and the UK and time will tell what will happen, whether a deal is possible. He also said that the UK might have

²⁷⁷ http://ec.europa.eu/debate-future-europe/ongoing-debate/articles/20130123_en.htm. 16.09.2014.

²⁷⁸ https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/ylfpbtmctf/YG-Archive-Pol-Sun-results-260814.pdf. 16.09.2014.

negotiations for reforms with the other countries as well. For the oppositions in the EU, he said the leaders of Europe just hear these concerns, but Britain acts on them.

The Liberal Democrats strongly believe that the Conservatives are pretending having no problem and it will not solve the current difficulties. They believe that they need to address the problems like competitiveness and ignoring this problem would not make it go away and the EU would not increase its popularity. Even UKIP, which is in favour of leaving the Union, worry more about the economy than the Conservatives do. Politicians in the UK who are in favour of leaving argue that "there are perfectly acceptable alternatives to membership that would bring both political and economic benefits to the UK".²⁷⁹ But the main and significant question is whether David Cameron will win the next General Election and be able to hold that referendum. He believes so much that he would definitely hold a referendum even if he will be in a coalition after 2015.

The withdrawal issue is threatening businesses in the world too. The car industry got alarmed because it has been a big economic success in Britain. From the famous and big car business sectors BMW and Ford told Cameron that it would be "devastating" for the British economy if they exit from the EU.²⁸⁰ Looking at the companies in total in 2003, only the 18 per cent of UK companies were in favour of the withdrawal from the European. For the 23 per cent, further integration would be beneficial for their company.²⁸¹ For the Liberal Democrats, leaving the UK would mean a big risk on the issue of jobs and investment in the UK at the time that Britain has a problem of public debt and competitiveness. They are very concerned about the time will tell approach. They say if the UK was outside the Union and wants to export cars into the EU, there will be a tariff that the UK has to pay. In another country, Turkey as an example, as being a non-EU country exports are tariff free, because Turkey has a customs agreement with the EU. But for the UK, if they leave the EU there is no guarantee that they get the any privileges about this issue. Also in another point of view is that, the British people are allowed to study in the European Economic Area countries and they do not pay any extra money more than the countries demand from their own citizens. If Britain leaves the EU, they have to lose this right.

²⁷⁹ <http://www.euromove.org.uk/index.php?id=6509>: . 16.09.2014.

²⁸⁰ <http://www.telegraph.co.uk/finance/newsbysector/industry/9813184/Ford-and-BMW-warn-against-UK-exit-from-EU-as-David-Cameron-readies-historic-speech.html>. 16.09.2014.

²⁸¹ <http://www.businessweek.com/news/2013-04-14/almost-one-in-five-u-dot-k-dot-companies-favor-leaving-eu>. 16.09.2014.

The opt-in decision lies in the hands of the European Union. But because the EU believes that Europe is not 'a free lunch'²⁸², it seems that negotiations would be hard for Britain. Cameron's idea would be just a paper exercise, because a club of 28 would stop applying its own rules for just one member.²⁸³ If the UK cannot get what they want, there would be chaos in the country, because there are two different sides in the country. A referendum option would make a problem between parties and if the Conservatives could keep their promise about the referendum and hold it, the solutions would be frightening. Also a referendum is not guaranteed because both Labour and the Liberal Democrats are opposed to the idea. Just like Cameron said in his speech of 23 January 2013, the UK could make its own way outside the EU, but the question here is if it is the best future on the UK or not. That is why they need to think carefully and firstly see what their national interests are. The European Union is the most powerful body in Europe and for the UK it would be hard for leave it, which most European nations wish to belong, and which provides them power and influence in the world.

²⁸² <http://www.bbc.com/news/uk-politics-21615868>. 16.09.2014.

²⁸³ E-Mail interview with David Challice .29.05.2014

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12. INTERVIEW TRANSCRIPTION

12.1 Personal Interview with the “Haus der Europäischen Union”

Place: Haus der Europäischen Union

Wipplingerstraße 35, 1010 Vienna

Date: 27.05.2014

Time: 10:30

Name: Georg PFEIFER (P) - Manager of the ‘Haus der Europäischen Union’

Interviewer: Burcu KAZANCI (K)

K: In Britain, the independent party won the elections of May 2014. It has been the first time in United Kingdom history since hundred years that an independent party won the elections. How did this happen? What do you think about the reasons of the success of the UKIP ?

P: The reason why the UKIP elected in the UK is probably the immigration issue. Before the elections there were a massive campaign against the immigrants claiming in reality and in the end it is the Union which brings us that many immigrants. They argued that it costs a fortune to the Brits, which it is not true in reality. In Britain they have changed the system and it is okay, it is the same in Germany or in Austria. But one should not offer to an immigrant in the first day the full package because you invite people to profit from the social benefits. But in the reality if you look at the immigrants, they are paying more to this systems, so what Britain claimed is simply untrue. This immigration issue I think was one of the main reasons why the UKIP had such a success.

K: About the solution of the elections in Britain, did the Independent Party welcomed in the EU?

P: Not at all. Nobody would claim that they are doing a good job, nobody would claim that they are a constructive partner in the European Parliament. The way they do politics is the way the populists do politics. They are accused of being a racist party although it is not the main aspect of the party; but this had happened and does not make themselves more sympathetic. I do not know anybody in the house who would say “Oh wonderful UKIP, we looking forward for a nice cooperation!”

K: How do you think this result will affect the European Union policy in Britain? What would happen in the future politics in Britain?

P: Something, which you can read very often in the media and indeed it is true, that such impact on the European Parliament is limited that there is still a clear two-thirds majority in the European Parliament. Constituted by the Christian Democrats, Social Democrats, Liberals, Greens and the so called the EU Critical Party make kind of fifty percent of the overall mandates in the new European Parliament, so from this side there is less of an impact to be expected. However, it will of course have an impact on the overall European Union because evidently in the UK a party that almost have been not existing more than ten or fifteen years now gained the relative majority of votes and it will have an impact on the other parties who do European politics for the United Kingdom. Mainly of course for the Conservative authorities under Cameron but probably also for the others, they need to find a way to react to what happened in this election. It will have an impact on how the governing coalitions will act on European Level. He made concessions to EU critics in European Party and he announced to have a referendum on the relations between the EU and the UK in 2017. But all this did not help to avoid having UKIP as the party in European elections. I am not the prophet, I can not tell you what the new thinking of the conservatives will be, but in reality if you think you can address issues brought forward by populist parties by getting yourself more populist or more EU critical or more inward oriented interest of the UK. The people still tend to vote for those who have the original copyrights for this political stands rather than those who are running after them. I do not know if Cameron sees in the same way but that is the reality. We are now in a critical phase, because they will start the negotiations in Brussels on the new top jobs, the Commission President, the Council President, High Representative for Foreign Affairs and also as the part of the package the question who will be the next European Parliament President. The real questions has been in the press already is that Cameron now opened the opposes, the top candidate chosen by the EPP Party. And if you look back in history, the Brits have very often opposed possible Commission Presidents. These presidents have been all victims for Brits who opposed them and claiming that they are two federalists. The different thing which to be seen is, the whole union will give in to Mr. Cameron's problems with possible candidates. The difference this time is that, before you always need unanimity, but this time a qualified majority would suffice. So you could nominate somebody against the will of Mr. Cameron.

It is difficult to guess what would happen; but we have seen in the recent months and in the last year that despite the impression of ‘the Brits are not that Eurosceptic’, at least some poles say it is not as high as you would possibly expect. And also what happened more importantly is that the studies made by Cameron on the added value of the Britain’s membership in the EU all turned out to say the UK profits a lot from being the member of the Union. And then even more interestingly one of the more strongest financial market sector in London made it very clear that Britain have nothing to win by getting out of the Union, because they would then have an interest in staying in London as a main center of activities; because it is totally unclear how the Union would react to such a step by the UK. It is not clear that the Union would offer all the advantages of the common market to the UK if they say that they are getting out of the Union. I cannot predict it but I think Mr. Cameron in a way maneuvered himself into a trap; it is quite difficult to get out of this trap. The only possible way out of it is that if he loses the election, the question to make a referendum or not will not be there any longer. For others this could be possible but at least not for him.

K: What is your personal opinion about the UK’s opt-out from the Union in general? And also what do Austria think?

P: I do not think that they will move out from the Union. In the end, when there will be a referendum, so when they will ask to Brits if they want to move out from the Union and also to the different sectors of the British economy, to the international partners and a lot of actors, everybody would make it very clear to the Brits that this would not be the smartest move they can do. You never know what comes out in the referendum; but in principle I do not believe that Britain will move out of the Union. All the other EU member states would regret it very much if the UK leaves the Union. It would also give a negative spin to the European Union integration process and project. Because negative spin normally means that you run into a new confidence crisis, we Europe always have this kind of confidence crisis. But what is also clear and what you hear recently more often is that the other member states are a bit sick of this stands by the UK, because they are always asking for exceptions on this and that and a good deal on the budget. There is a wish among member states to solve these questions. There is no way that, I think, the other member states will continue to always give in to the UK in order to solve their political problems internally. And then you do hear it meanwhile more often what has been said to the UK: ‘If you want to leave, just leave.’ Out of the feeling we cannot continue like this for the next

ten or twenty years, always giving in to a country, which so far made a problem out of many steps the Union has taken.

K: What would happen if the United Kingdom leaves the EU? How would it affect the Union?

P: The European Union would be economically and politically weakened. The message such a move would send out to the rest of the world would be disastrous, that is totally clear. In reality nobody has something to win, neither the Union nor the UK. But if it happens, after the first shock, I guess the only way to live with it is to admit the reality, admit that if it was the will of the electorate in the UK, let it be. But nobody would really have something to win.

K: If the UK leaves the Union, they would lose all the rights they have. What do you think about this?

P: The question is, whether the Union then would be really prepared to say 'Ok, dear UK you are such a lovely country and we like you a lot. Of course you will be able to participate to the common market in the future and have all the advantages. You do not need to pay anything.' I am not sure that the partners will really be prepared to do that. I mean in the interest of all I guess they would find solutions but not at any price from the Union speaking and also at no price for the Brits. There are other countries like Switzerland, Norway or others who decided not to join too; but we, as Austria, pay into the Union budget for being able to participate into the common market. So no cost solution for the UK.

K: About the Schengen Agreement, Britain did not join the agreement. Why do you think about the reasons of not joining the agreement?

P: I think it comes from their understanding of what the Union should be. For them the Union should have remained as a pure economic cooperation and an economic Union where you share the advantages of tearing down barriers to internal trade among the member states; that is all they wanted to have.

K: Do you think UK will join in the Schengen Agreement in the future?

P: I doubt it. Schengen system runs with parts from the EU. It was an agreement among EU member states and it is open to every European country to join but there is no

obligation. So in a way not all the EU member states are the part of Schengen. The UK always made it clear that they want to opt-out from that. Other countries joined as well outside of the Union, so it is the part of what is always called as 'Europe A la Carte'.

K: What about the Eurozone?

P: They have an opt-out for the Eurozone too. In reality all the studies do say that you can win the lot by being a part of a large currency zone. This is definitely true for countries, which are economically strong and have a large share of exports as part of their economy, Germany for example. There is a lot to win in principle and for the UK there would be a lot to win. I do not know a study about the UK economic gain when introduced to Euro, probably these studies would be made the ahead of the referendum.

K: Is this Eurozone opt-out has something to do with the identity? Because we all know that or the UK still sees itself as an empire.

P: Every member state brings along a certain history and the history sometimes brings rather long legacy or something you carry around for a long time. Portugal is still having a bit of melancholy, nostalgia for its glorious past as an Empire; also the same goes for Spain and for some others as well. Yes, Britain was a world power and they consider themselves to have a very special relationship with the United States more or at least equal as the relationship that they have with what they call the 'Continental'. United States did have nothing to do with the UK joining the Eurozone and what was also interesting that Obama had made it clear that the UK has nothing to win getting out of the Union. The United States would not really been in a favor of such a move. That is why I said that they run themselves into a trap.

K: What do you think about the referendum which will be held in Scotland for being independent from the United Kingdom?

P: This is the first case that an independent state wants to move out of a current member state, this had never happened since the Union exists. My feeling is that, in the end there will be no majority in Scotland to leave the United Kingdom. I am sure that Cameron has already started to prepare to put financial or political offers to the Scots if they would stay in the Kingdom. And also he would tell them to be aware on the consequences for their decision might bring.

12.2 E-Mail Interview with the 'UK Independence Party'

Date: 29.05.2014

Time: 16:21

Name: David CHALLICE (C) - Administration Manager at 'UKIP Head Office'

Interviewer: Burcu KAZANCI (K)

K: How do you think your victory in the elections will affect the future EU policies of Britain and Britain in general?

C: No real affect. They are driving forward with the European Project and a silly little thing like elections will not deflect or divert them. They might tone down the language until the UK General election in 2015, but they remain totally committed to building a "country called Europe".

K: What are the reactions of the consequences of the elections in Britain and in the EU?

C: Shock among the political classes, because they risk losing seats, and that is the only thing that worries them.

K: What are the reasons of the opt-out from the EU? Do you think this will/can happen?

C: Do not know what you mean. What opt-out? If you mean David Cameron getting concessions from the EU, it will be a paper exercise. A club of 28 cannot stop applying its own rules for just one member or it will turn into a free-for-all, with everyone wanting their own opt-outs. You can see their point.

K: What would happen if Britain leaves the EU? If this happens, Britain will loose its rights in the EU, will it not be a problem? Can Britain survive by itself?

C: Britain will be free to run its own affairs, trading with the world, administering our own judicial system (we will also pull out of the ECHR and the European Court) and deciding our own immigration policy. We will issue temporary work permits for the skilled people we need. Big Issue sellers we do not need, nor gangsters. We are very happy to lose our rights in the EU, in the same way when someone leaves prison they loses their access to the Prison Library. A small price to pay, and we would do so gladly.

K: What do you think about the discussions between Cameron and Merkel? How do you comment on Cameron's demands and thoughts?

C: Nothing at all.

K: How do you want Britain to be in the future? What are your future plans, projects or wishes?

C: We want Britain to be a profitable, self-governing democracy, outward looking to the world. There was a past British Foreign Secretary (I forget his name) who once said: "My foreign policy is that I want to board a train at Victoria Station and travel to any country in the world without hesitation or fear"²⁸⁴. (I'm paraphrasing that, I'm afraid. But it sums up UKIP's approach to the world).

K: Why did not the UK (and also still) join the Schengen agreement? Will it change in the future?

C: I don't know why the UK didn't join the Schengen Area. You'd have to ask Tony Blair who was Prime Minister at the time, I believe. I am certainly glad that we didn't join.

K: Why did not the UK (and also still) join the Eurozone? Is there a chance to adopt the euro someday?

C: Partly because Gordon Brown (Chancellor of the Exchequer) had enough sense to recognise a disaster when he saw it, and partly because Tony Blair wanted us to join the Euro but Gordon Brown kept refusing him on principle (Brown wanted Blair to step down as Prime Minister and pass the torch to him. Blair refused; reneging on a deal they had done years earlier. For years they hated each other. We predict that the euro will either collapse completely, or split along its natural fault-line, leaving the PIIGS²⁸⁵ countries with a "bad euro" or going back to their national currencies. Either way, there is no prospect of Britain joining this failed political currency. The Eurozone got itself into this mess and must find its way out by itself.

²⁸⁴ British Foreign Secretary Ernest Bevin in the radical 1945 UK government, famously described his foreign policy as being able to 'go down to Victoria station and buy a ticket to anywhere I damn well please.'

²⁸⁵ Portugal, Italy, Ireland, Greece and Spain

13. ABSTRACT (ENGLISH)

This study researchs the current conflict in the United Kingdom of the EU opt out case. Britain has been known as its Eurosceptic view to the EU. And as a result, the current Conservative government announced to hold a referendum on 2017 whether to leave the EU. This brought a kind of political crisis in the UK and as well as in the EU. The research mainly consists of two parts, the history of the United Kingdom and today.

The information that has been found in Internet from the websites of several newspapers which give actual information about the issue, were the main resources of this debate at the end of the paper. The debate between the oppositions and the current government in the UK showed that a common sense on the issue would be very hard. All debates are based on a possible victory of the Conservatives in the General Elections in the UK next year.

There are two Expert Interviews to help to understand better and to have different ideas about the current debate in the UK. The interviews were not objective and they offered different ideas about the same subject.

ABSTRACT (GERMAN)

Die Masterarbeit untersucht den aktuellen Konflikt in Großbritannien. Großbritannien hat als Euroskeptiker, um die EU bekannt. Und als Ergebnis, kündigte der aktuelle konservative Regierung, ein Referendum über 2017 halten, ob die EU zu verlassen. Dies brachte eine politische Krise in Großbritannien und als auch in der EU. Die Forschung besteht im zwei Teilen, der Geschichte des Vereinigten Königreichs und heute.

Die Debatte zwischen den Gegensätzen und der derzeitigen Regierung in Großbritannien zeigte, dass ein gesunder Menschenverstand in der Frage würde sehr schwer sein. Alle Debatten sind auf einem möglichen Sieg der Konservativen bei den Parlamentswahlen in Großbritannien im nächsten Jahr basiert.

Es gibt zwei Experteninterviews besser zu verstehen und zu unterschiedliche Vorstellungen über die aktuelle Debatte in Großbritannien haben. Die Interviews waren nicht objektiv und sie geben unterschiedliche Vorstellungen über das gleiche Thema.

14. CURRICULUM VITAE



Personal Information

Name - Surname : Burcu KAZANCI
Place and Date of Birth : İstanbul / 05.03.1989
Adress : Barbaros Mah. Halk. Cad. Incity Blokları B1/23
Ataşehir/İstanbul
Mobile : +905357137825
E-Mail : kazanciburcu@gmail.com

Education

Universität Wien
Vienna, Austria
Major: Politikwissenschaft(Political Science), Master's Degree (MA) (2014)

Istanbul Bilgi University
İstanbul, Turkey
Major: International Relations, Bachelor Degree (BA) (2010)

Bilfen High School
İstanbul (2006)

International Education

London School of Economics
London School of Economics Summer School (2008), London, UK

SSgN
Nijmegen, Holland

Socrates-Comenius ex-change student (2005)
“European Union: Foreign relations between Turkey and Europe”

Other Education and Certificates

Kompass
Proof of the study of relevant skills training – German (2012)
Vorstudienlehrgang der Wiener Universitäten; Vienna, Austria

Form of Global Leadership Certificate (2009)
Bahcesehir University; Istanbul, Turkey

American Studies (2009)
Bahcesehir University; Istanbul, Turkey

Economics and Finance Certificate (2009)
Galatasaray University; Istanbul, Turkey

Certificate Program (2009)
“Screening of Turkey for eligibility to join the European Union”
Koc University; Istanbul, Turkey

Bilgi Arena Certificate (2008)
Istanbul Bilgi University; Istanbul, Turkey

Job Experiences

Azmüsebat Çakmak ve Traş Bıçağı San. ve Tic. A.Ş. (Derby&Tokai) (2013 Summer)
Purchasing Intern

Feels Like Home – Students and Expatriates Relocation Service for Vienna (2012-2013)
Social Media Marketing Intern

Erhas Tüketim Malları Tic. Ltd.Şti.(Summer 2012)
Sales Intern

Language

English (proficient)
German (proficient)

Computer Skills

Mastery of Microsoft Office programs (Word, Excel, PowerPoint)
Ability to work with Windows, Mac OSX operating systems