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## E-Notes

"A nation must think before it acts." - Robert Strausz-Hupé

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# A TALE OF TWO EXCEPTIONALISMS: THE FUTURE OF THE UK AND ITS EU MEMBERSHIP AFTER THE ELECTION By Andrew Glencross

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David Cameron's unexpected triumph in the 2015 UK General Election means that Britons will be asked to vote on whether to remain in the EU. On the surface, this referendum appears to be just another manifestation of Britain's prolonged equivocations over European integration. First there was the decision in the 1950s to remain aloof, only joining the then European Economic Community in 1973, a decision shortly followed by renegotiation as well as a referendum on membership in 1975. Subsequently, there have been periodic tumults over obtaining concessions, including a budget rebate and opt-outs from both the single currency and the borderless Schengen area. Look more closely at the source of the current dispute, however, and a different picture emerges. Demands for renegotiating British membership prior to voting on the issue, combined with expectations of a "generous exit" if such wrangling fails, all imply that Britain is big enough to do better by going it alone. In this sense, the struggle against the EU is not about indecision it is about loathing constraints on self-government, a narrative directly echoed in the demand for Scottish independence – an issue that is now intertwined with the EU question.

#### The Relevance of the 1975 Referendum

The 1975 precedent of asking the people to vote on Britain's relationship with Europe is useful to illustrate the continuity in this sentiment of a frustrated desire for managing one's own affairs. At the time though, European partners largely misunderstood the source of British dissatisfaction. A French satirical magazine ridiculed the British position, presenting the then-Prime Minister Harold Wilson as an inept lover who left his mistress, Europe, uncertain of whether he was coming or going. More seriously, negotiators such as Gaston Thorn, the Prime Minister of Luxembourg, worried that a future British government would simply change its mind once again and ask the people to vote anew. What such readings of the situation overlooked was the importance of the sovereignty question and its instrumentalization in British euroskepticism.

Peter Shore, who at the time was Secretary of State for Trade, articulated this kind of complaint most pellucidly when in 1974 he told a crowd in New Zealand that he hoped Britain "can face the future without any necessity of joining a particular trade bloc." This is not the hesitation of Hamlet – unsure as to how to proceed decisively – but the rage of Caliban upon seeing his own reflection. What is troubling about European integration from this perspective is the implication that post-imperial Britain is incapable of governing its own affairs. Today, buoyed by economic success in the past four decades, Conservative Party politicians imagine the EU to be a ball and chain for prosperity. London Mayor Boris Johnson (who also won a seat in the House of Commons at this election) speaks of potential withdrawal as a removal of red tape, "turbo-charged by new trading agreements with major partners such as China, Brazil, Russia, Australia and India." This envy for unilateralism extends to couching EU reform as the process of asking for new exceptions to accommodate UK interests, including a unilateral veto for the British parliament that is anathema to consensus-based EU law-making.

Railing against the structural constraints of EU membership is thus an elite, mainstream position – unlike in other Western European countries, where it is associated purely with populist parties. Indeed, the Conservative Party's euroskepticism is

inherently connected to a portrayal of the EU that misrepresents the strictures imposed by the terms of membership. Significantly, when it comes to product market regulation, OECD figures reveal that the UK already has less red tape than the US and the least in the EU apart from the Netherlands. A similar tale applies to labor regulation, albeit with more rights for temporary workers than are present in the US and Canada. Moreover, the financial benefits of leaving the UK are equally wrapped in mythologizing as both Norway and Switzerland pay into the EU's coffers in return for accessing the European single market. The costs involved are much lower than those for the UK as an EU member state because these non-members do not participate in the expensive Common Agricultural Policy. As acknowledged by even the most thought-through plan for UK withdrawal, savings in this area would be offset by having to funnel taxpayer money to support farmers and rural communities.

Decision-makers in other EU countries no longer misunderstand the British position as the product of indecision. This is because they acknowledge how far the UK, notably by promoting enlargement, has shaped the development of the contemporary EU. In fact, the previous coalition government itself recognized this fact, albeit in a backhanded fashion. From 2012-14, the Foreign and Commonwealth Office conducted an exhaustive review of 32 policy areas affected by European integration so as to audit the EU's overall impact on UK interests. The failure of this Review of the Balance of Competences exercise to vindicate the concerns of euroskeptics <u>led to the reports being buried</u> – they were never mentioned by the Conservatives during the General Election campaign.

#### British Exceptionalism Meets Scottish Exceptionalism

The exceptionalist British attitude towards Europe, best expressed in the words of Winston Churchill as meaning "we are in Europe, but not of it," naturally gives rise to a utilitarian argument regarding integration. For instance, James Callaghan, who as Foreign Secretary oversaw the renegotiation of Britain's terms of membership in 1974-75, understood the EEC as a "business arrangement." Yet the utilitarian dimensions explains only part of the current UK government's attitude towards the EU as demonstrated – ironically enough – by the Scottish National Party's (SNP) position on the fate of the country itself.

Both the closely-fought 2014 independence referendum in Scotland and the SNP's capture of 56 out of 59 Scottish constituencies in the General election clearly reveal that British politics is home to another potent exceptionalist claim. Even pro-Union parties now back the further devolution of powers to Holyrood in order to satisfy demands for a form of autonomy unique in the UK. During the 2014 independence campaign, the unionist camp emphasized the pragmatic, cost/benefit reasons for remaining a constituent part of the UK: currency stability, a larger tax base to absorb shocks such as banking crises or global recession, and foreign policy clout. These arguments narrowly won the day (the result was 55% in favour of remaining in the British Union), but Cameron had expected a much more comfortable victory.

Unionists are confronted with the same ideological challenge facing British europhiles: a semi-mythologized longing for self-government couched in an exceptionalist identity. SNP ideologues swat aside arguments about the merits of the Westminster state by labelling them "Project Fear." Despite existing devolution – more is promised – that grants Scotland's parliament autonomy over a swathe of policy areas, the British political establishment is derided as unreformable and prejudicial to true Scottish interests. Equally important, the SNP considers the very notion of union to be an offensive claim that Scotland is too puerile to govern its own affairs. Nevertheless, the cry for independence is wrapped up with Scottish membership of the EU so as to retain the benefits of a single market and gain a seat at the table of EU diplomacy. The utilitarian benefits of the EU system, according to this logic, do not hold true for the defective British state, even though new members of the EU are obliged to adhere to the ever more tightly bound-rules governing the euro.

Hence the dynamic of the past five years is the development of two overlapping and ultimately irreconcilable constitutional demands. Since the UK's status in the EU determines Scotland's, SNP leader Nicola Sturgeon, has called for a veto on an English-majority vote to withdraw. In the absence of a veto, there is a realistic prospect of further constitutional crisis: if the UK votes to leave the EU without majority Scottish support, it will produce inevitable calls for a second referendum on Scottish independence based on the choice between membership of the UK or of the EU.

#### Battleground 2016: Home and Abroad

The double-helix of Scottish and British exceptionalism may finally unravel in 2016. This is the year for holding new elections to the Scottish Parliament, which in 2011 gave the SNP a majority that was accepted by Westminster as the platform for holding an independence referendum. It also now seems that Cameron's idea is to hold the In/Out referendum on the EU that same year. Since polls consistently show that voters would prefer Britain to remain in a reformed EU, the onus is on the

UK government to find concessions that can be packaged as particularly beneficial to Britain – the same tactic pursued prior to the 1975 referendum.

The problem in satisfying this demand is that EU leaders are loathe to open the Pandora's box of treaty change, much less to do so for the sole advantage of Britain. Angela Merkel, the maker and breaker of EU deals, has previous experience in outmanoeuvring Cameron. She side-stepped the UK's veto of the Fiscal Compact in 2012 by steering this treaty through as an intergovernmental arrangement outside the EU legal order. This reluctance to concede ground to the UK will make it very difficult for the government to spin a story about obtaining a better deal, thereby playing into the hands of Euroskeptics who claim the EU is "unreformable" and heading towards federal union. By giving the SNP the ability to campaign for independence as the only guarantee of continued EU membership such euroskepticism can only fuel divisions between mutually exclusive claims of Scottish and British exceptionalism.

As perplexing as these rival identity claims are to the casual outside observer, that is nothing as compared with the parochialism of this whole debate over the UK's future when viewed from major Western capitals. Already in 2014 President Obama counselled the UK to remain "strong, robust, and united." Now Washington has to contend with a key NATO ally that might not just split apart but also turn its back on the economic bloc with which it is negotiating the world's biggest free trade deal, TTIP. This transatlantic drift is compounded by a continental drift within Europe itself. For while decision-makers in Brussels, Berlin, and Paris are still scrambling to save the euro-zone and contrive a cohesive front against Russia, British priorities clearly lie elsewhere.

Of course, the siren call of self-government is strong amongst the various populist parties of Europe such as France's Front National or Greece's Syriza. Yet their success is fundamentally linked to problems that those countries have in adapting to an interdependent economic order that makes a mockery of claims to retain sovereignty over key macro-economic policy levers. It is very odd then that the UK, which is far more prosperous than when it first wrestled with European integration fifty years ago, should be governed by the same anxieties. Neither the dissolution of the UK nor Brexit is inevitable, but if they do occur it will be because of misplaced belief in the nostrum of self-government.