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Reflections

Does Britain need the European Union? Does the European Union need Britain?

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INTRODUCTION

It is a pleasure to be in Berlin again. The first time I came to Germany was in 1967 and to Berlin—then a very different and divided city. I came as a participant in the Young Königswinter Conference—organised by the remarkable Frau Lilo Milchsack and her splendid team. We the British participants were given strict instructions as to how to behave: don't refer to the DDR! Don't mention the Oder–Neisse Line! For most of us it was our first visit to Germany and we made the most of it. Some of us made the trip through Checkpoint Charlie to a performance at the Comic Opera House of Brecht's *Die Dreigroschenoper*. I was also taken to an electric student meeting at the Freie Universität which was protesting about the death of a student, Benno Ohnesorg, in a demonstration against the state visit of the Shah of Iran. It was the beginning for me of many close links with German colleagues and German institutions. And of course it has been fascinating to watch the changes in the city across the subsequent decades.

I also tried to learn German. Indeed, I still remember my first lesson at the Goethe Institute in Manchester—Hier ist eine Landkarte von Europa. Hier ist Deutschland. Berlin liegt in Deutschland—und so weiter. I was not as conscientious a student as I should have been. Both of my parents spoke German and indeed spoke German to each other when they wanted my sister and me not to understand something.

As it turned out, I became a specialist in the politics of European integration and of course that required always a good understanding of relevant developments in Germany and British–German linkages. Both at Chatham House and at the University of Sussex I was a beneficiary of several project grants from the Anglo-German

Foundation, which alas no longer operates. Working relationships and friendships were fostered by those projects and quite an investment was made in promoting productive research—of course I think that it was money well spent!

NOW TO MY SUBJECT: DOES BRITAIN NEED THE EUROPEAN UNION? DOES THE EUROPEAN UNION NEED BRITAIN?

I have to say at the outset that this is a very painful subject for me. The whole of my professional career has been caught up with the story of Britain and the European Union. I wrote my doctoral thesis on aspects of the entry negotiations in 1970/72. I followed closely the renegotiation of those terms of entry in 1974/75. I was actively involved in the 1975 referendum—I guess I should clarify that I was—and remain—an active member of the Liberal, later Liberal Democrat, Party—the most consistently pro-European of Britain's political parties. I continued to do academic work across the years on various dimensions of British policy and practice within the European Union with their many ups and downs. So my personal and professional investment has been in making the best of EU membership and in documenting British contributions to European integration. Hence my own answers to those two questions are crystal clear: yes, Britain needs the European Union. And, yes, the European Union needs Britain. Alas, I cannot stop there. As you all know, the current British government is engaged in a process of renegotiating the terms of British membership and the results of this process are to be put to a referendum vote by some point in 2017. And so, at this point I should make clear that the remarks that follow are made in an entirely personal capacity.

I could spend the rest of my time talking about the renegotiation issues and the possible scenarios for their outcome and for the referendum itself. And of course I shall make some comments about both, but my main focus will be slightly different. I want to raise some questions about what kind of Britain we envisage as being involved and about what kind of European Union we think might be at stake. In both cases there is no single picture to paint, so I shall invite you to look at several different pictures—first of Britain and then of the European Union.

Britain One—Open Britain

Britain has a remarkably open society, a remarkably open economy, and remarkably open institutions. British universities are full of foreign students, many from other European countries; they are full of foreign researchers and professors, again many

from other European countries—indeed, something like 30% of faculty members in British universities are not British—many are talented Germans. For most purposes the British labour market is nationality blind—and that includes most of the public service. I know of several cases where a government minister's office has included non-British officials.

And of course London is *the* global city. Some 37 per cent of Londoners had not been born in Britain at the time of the 2011 census—and the figure is rising. Of children in inner London's primary schools 80 per cent are from ethnic minorities and over half do not have English as their first language. Across the country, Polish is the second main language spoken at home after English. London is a magnet for talent from the rest of Europe and from the rest of the world. Many companies choose to locate in Britain, not least because it provides a gateway to good recruits. Many high-net-worth foreigners choose to base themselves in London and the surrounding region.

Much the same can be said of the economy more generally. The British motor car industry has been through a great revival, with impressively robust export performance, but much of the industry is foreign owned, notably German or Japanese or Indian, a fact which at least until now has been accepted with equanimity by the British. Britain is the largest recipient of foreign direct investment among European countries. And the City of London remains the most important financial entrepôt in Europe. From a broader trade perspective, Britain is among the most liberal and open economies in the world. Much of this record has to do with characteristics of the British financial and legal/contractual system and of course this story has also to do with the fact that Britain provides a business-friendly platform for access to the wider European market.

Britain Two—Parochial Britain

In sharp contrast, Britain is in some respects a parochial country and perhaps increasingly so. Just to take one illustration: each year fewer and fewer British people are able to claim competence in any language other than English, except of course for those from a migrant background who have an additional home language. The 'old' British rely on the fact that the rest of the world (or at least some parts of the rest of the world) learn a version of English as their second language. By the way, only just over 4,000 students took an Advanced-Level school exam in German this year (there were some 85,000 A-Level entries in total), a continuing downwards trend.

It is a signal characteristic of Britain's political class that so few of them have a cosmopolitan background or orientation. The process of political recruitment increasingly brings into the process individuals with a primarily UK 'in-country'

background; those with a more cosmopolitan outlook choose other jobs. This is a development not at all confined to Britain. The consequence is a political class whose horizons are shaped much more by the domestic than by the international. No surprise then that such politicians should seek the comfort zone of the familiar domestic context, especially in a country with the good fortune to have a history of being able to stand back from the remembered experience of occupation or invasion.

It should be added that London has a very different face from other parts of Britain. The rest of England in particular has a different experience—sometimes actual, sometimes imagined—of cultural and ethnic diversity. The rise of the United Kingdom Independence party (UKIP) and the increasing toxicity of immigration as an issue are rooted in the narrower horizons of the less-affluent and less-confident parts of the country. Support for UKIP is especially robust in non-metropolitan England.

Meanwhile, the broadcast and print media have also become carriers of parochialism. There are fewer foreign correspondents in the main newspapers and broadcast media, while the owners of the media are mostly individuals whose background experience and concerns—to the extent that they are international—are extra-European.

Britain Three—The Architect of Mainstream European Projects

If we look back at the actual record of British involvement in the European Union since accession in 1973 we can identify a string of productive interventions that British policy-makers have made to shape the lines of development.

First, it was the pressures from the British that opened up the inter-regional transfers from more to less prosperous member states, that are now recognised under the banner of cohesion.

Secondly, the British have been consistent supporters of a liberal external trade policy stance for the European Union as demonstrated in both plurilateral trade negotiations in the GATT and the WTO and in bilateral trade agreements with this or that third country. Over the years there has been a fine balance between the liberal and the protectionist camps within the European Union. The consistently liberal position of the UK has helped to tip that balance repeatedly.

Thirdly, it was the British who most firmly stepped up to the plate in the push to open up the single European market. Some of the first papers on what a real single market could offer by way of benefits were written in London in the early 1980s. It was a British Commissioner, Arthur Cockfield, who worked closely with Jacques Delors to push forwards the 1992 programme.

Fourthly, it was the British who became champions of further enlargement, initially to include several members of the European Free Trade Association and later many of the liberated countries of central and eastern Europe—for some of us one of the most important and most systemic achievements of the European Union.

Fifthly, very pragmatically, the British have helped over the years to give some substance to the European Union's common foreign and security policy. There are British fingerprints all over the measures that have been taken both practically and by way of framing overall strategy.

It is too bad that there has been so little sense of British ownership of all of these absolutely mainstream developments. It is also too bad that recent and current British policy-makers seem to have lost sight of just how much their predecessors had achieved.

Britain Four—The Exceptionalist European

Although Britain has been very much in the mainstream of developments within the European Union, there have been key areas in which British governments have chosen to stand aside from policies adopted by other member states. For example, there has never been much appetite for the single currency from British policy-makers and stakeholders and, as the Eurozone has evolved and as its protracted crisis has played out, Britain has been very much an observer on the sidelines (although, of course, the problems of the Eurozone cast shadows over the British economy).

British governments have also chosen to stand aside from the Schengen area (which removes border controls between the participating countries and aims to strengthen their collective external border controls), fearful of losing control over our external borders. In earlier years this had difficult practical consequences, but not dramatically so. However, since the eastern enlargement of the European Union and now the dramas of the Mediterranean refugee crisis, the idea of an internally borderless EU has become a totemic and toxic issue for many Britons. The issues with Schengen and the core European Union commitment to free movement of labour have combined to make the notion of island Britain pulling up the drawbridge seductively attractive. We have set an example that other member states are now imitating, as we see the walls and fences being constructed at other national borders.

Alongside these key aspects of British singularity runs a persistent antipathy to the so-called European 'social model', which is partly constructed around the development of employment rights. On this matter, opinions within Britain are divided, since on the left of British politics the development of European employment rights is highly valued. Indeed, you will have seen that at its last meeting the British

Trade Union Congress passed a resolution to oppose British membership of the European Union if the result of Mr Cameron's renegotiation was to weaken employment rights for British workers.

Britain Five—A Dis/United Kingdom

Thus far, I have loosely talked about Britain, but this is both inaccurate and misleading. The country is officially the United Kingdom, but it is much less united than it used to be. Last year the referendum for Scottish independence was lost, but only quite narrowly. Current opinion polls suggest that there might now be a majority in Scotland in favour of independence and, referendum result notwithstanding, the Scottish National Party still rules confidently in Edinburgh. It scored a remarkable result in the UK general election last May by winning 56 of the 59 parliamentary seats in Scotland.

Several points follow. First, the Scottish independence issue will not go away. Secondly, the SNP bandwagon is having a profound impact on the emerging multiparty system in the UK. Thirdly, the Scottish electorate is more Europhile than the English electorate outside London. Fourthly, the constitutional arrangements for the UK are now being put into question for both domestic and European reasons.

There is one other complication. The settlement in Northern Ireland has been greatly helped by the partnership of Britain and the Republic of Ireland within the European Union. This has, inter alia, softened the border between the north and the south of the island of Ireland, a situation which has been further underpinned by the embedding in the Good Friday agreement of the jurisprudence of the European Convention on Human Rights from which the current British government is seeking to distance itself. The links between Ireland and Britain are close and intertwined. Some six million residents of Britain are thought to be either directly Irish or to have at least one grandparent of Irish descent. The economic links, especially for Ireland, are of supreme importance. The potential prospect of Britain outside the European Union while Ireland remains inside with a hardened border between the north and the south looks quite worrisome—and not least given the current tensions in Northern Ireland.

All of these developments mean that British party politics is up for grabs. Our two-party dominant system is broken. Our electoral processes are not well adapted to a well-functioning multiparty system—and the patterns of politics are very different in the different nations of the UK. To make the point again, Scotland is more pro-European—and more open on migration—than England beyond London.

I could go on. … My main purpose is to show that there is not a single, stable, or coherent picture of Britain to be painted. Depending on which picture you look at,

different implications flow for the cost/benefit analysis of Britain's membership of the EU. And—very importantly—these different pictures carry with them different affective and emotive notions of identity and belonging.

WHAT THEN OF THE EUROPEAN UNION?

Well, the European Union is also in flux. The last thing we can find currently is a single clear and consistent picture of the European Union and its direction of travel. So which of these versions of 'Europe' is the one to measure up for its value to Britain?

The European Union One—The Eurozone

Over recent years it is Eurozone Europe that has been largely predominant in the news and in the attention of European policy-makers. Chronic difficulties interspersed with periods of acute crisis have not presented an attractive or convincing model to those Britons doubtful about the merits of European integration. On the contrary, they have served to vindicate those who insisted on keeping the pound sterling outside as an independent currency. In addition, and importantly, a wedge has been driven between the Eurozone and the rest of the EU's 28-country membership. There are substantive issues to address as to how the Eurozone connects to the rest of the EU and the wider single market. But here too Britain is in a somewhat singular position, given the ambitions of many other member states eventually to join the Eurozone. Calls within the Eurozone membership to tighten their own commitments to and arrangements for deeper integration have brought to the surface the language of 'ever closer union', a phrase which has become symbolic of a sharp division between exceptionalist Britain and many continental Europeans.

The European Union Two—28 Countries in a Changing Global Context

Developments within the European Union of 28 have been less dramatic and more mundane over recent years. Let me make two points about these. First, as regards the 'business as usual' side of things: there has been a shift of mood across the European Union about the extent to which it is desirable for there to be collective and intrusive regulation and legislation. There is now much more of an emphasis on better and less regulation and more of an appetite than previously for so-called 'EU reform'. This chimes well with an important strand in the British debate, which was echoed in the 'Balance of Competences Review' conducted by the previous British coalition

government. Similar reviews have begun to be carried out in other member states, leading to similar conclusions to those of the British. Here then is an example of synergy and potential common cause between Britain and other EU partners. Alas, the subject matter of reform is important but not exciting and thus hard to turn into a striking set of new ambitions.

The second and broader point concerns the place of the European Union in the changing global context. The trend lines of the shifts of economic dynamism and relative economic weight in the global economy are clear. Europe has a shrinking share of world output and the great transformation that is taking place globally (including the demographic factors at play) raises hugely important implications for European economies and societies. Far too little attention is being paid to rethinking how European countries both collectively and individually can or should respond. There is a key policy debate yet to be taken forward.

The European Union Three—Tricky Domestic Politics Almost Everywhere

It is not only in Britain that European issues have become politically contentious. Softer and harder variants of Euroscepticism are present in other countries. Party politics are fluctuating in other countries as well. On the one hand, this feeds British Euroscepticism. On the other hand, it also makes it tricky to rebuild coalitions around European policy proposals and practice, let alone to attempt treaty changes which would require testing ratification processes across the European Union.

The European Union Four—Challenges from the Neighbourhood

It has been clear for well over a decade now that the European Union's neighbourhood is full of troubling challenges. The European Union has had one successful strategy for attending to its neighbours: namely, an enlargement strategy, which has worked rather well and productively. But as we reach the limits of potential new members, we need to craft a different set of approaches. Efforts thus far have yielded few fruit, and the problems of Ukraine illustrate painfully the limits of European capabilities. As for the wider neighbourhood, as we can see on our streets, in our railway stations, and at our seaports, the terrible situations in fragile states around us are understandably pushing their citizens to seek safety in Europe. So we now have the twin challenges of working abroad for conflict resolution and at home for refugee settlement. I could continue, but let me turn for a moment to Germany.

SO WHERE DOES GERMANY AND WHERE DO THE GERMANS FIT INTO THE PICTURE?

The Eurozone problems have put Germany centre stage and there has been much talk of Germany becoming the hegemon of the European Union. Latterly, the refugee crisis has put another spotlight on Germany. I am not happy with the semantics of hegemony, but let us suppose for a moment that it has some validity. What are the consequences? Well, first, it is not much fun to be a lonely hegemon in a contested political space and in hard economic times. And second—if I may say this here—in other member states there are worries about too much responsibility resting on German shoulders. On the whole, people in other member countries would prefer to be in a European Union in which no single member country predominates and in which, indeed, there is some competition of ambitions.

But, in any case, I have never found the vocabulary of hegemony to be appropriate for a consortium of countries with shared institutions. On the contrary, the European Union system is designed to rest on forms of collective leadership and on building consensus across countries and across the institutions. So the pertinent questions are rather about how to build and to sustain forms of collective leadership and how to broker productive coalitions. Many years ago, when the European Union was involved in an earlier discussion about differentiated integration, my husband, William Wallace, and I wrote a piece called *Flying Geese*. We chose the metaphor because flocks of geese in flight take it in turns to go to the front—and they also fly the slowcoaches back into the flock. And it remains the case that there are many issues on which Britain and Germany continue to share values and preferences. So, of course, I would argue that the European family is stronger with both Britain and Germany playing productive roles.

SO DOES BRITAIN NEED THE EUROPEAN UNION?

As I argued earlier, there is presently a competition being played out between open Britain and parochial Britain and another competition between mainstream Britain and exceptionalist Britain vis-à-vis the European Union. My preference is clear—namely, for the open and mainstream Britain to prevail. For this to be the case, yes, Britain needs to be fully engaged in the European Union.

AND DOES THE EUROPEAN UNION NEED BRITAIN?

That depends. … If an open and mainstream Britain prevails, then our contributions to the European Union can continue to provide value-added in a period when the European Union needs all the political energy and sense of shared purpose that it can find to steer us forward in these difficult times. But the last thing that it wants is foot-dragging from a parochial and exceptionalist Britain. So the stakes are indeed high—for Britain, for the European Union, and for Germany.

So what will it take to achieve a positive outcome? As you all know there is a wide spectrum of opinion in Britain, ranging from hard Europhiles to hard Eurosceptics. The challenges will be to mobilise the soft Europhiles and to convince the soft Eurosceptics that it makes much better sense for Britain to remain firmly inside the European Union. Some of that will, of course, depend on the accommodation of some substantive issues, but what will also be needed is some sense that what is at stake is the future good health of the European family.

Mr Cameron's renegotiation objectives are largely targeted at the soft Eurosceptics. He is focused on the problems of the free movement of labour, on reducing access to welfare benefits for EU migrants in the UK, on curtailing their employment rights under EU legislation, and on escaping the treaty commitment to 'ever closer union'. His other objectives of strengthening the role of national parliaments and securing an insurance mechanism to protect the interests of those EU member states outside the Eurozone have a wider purpose. How much needs to be achieved to convince the soft Eurosceptics is not clear, nor in what form of guarantees. My hunch is that more is needed than declaratory commitment and that agreements need to have juridical or quasi-juridical force to be persuasive.

Would that be enough to win a positive outcome in the referendum? My hunch here is that the referendum campaign will also be about the emotive or affective issues and not only about the cognitive reasoning and the practical facts.

So a key question for me is whether a sense of belonging can be developed, a sense that Britain belongs in the family of European nations, a sense that our future is inextricably tied up with that of our neighbours. Versions of the message 'We British belong in Europe because …' have the potential to engage both soft Eurosceptics *and* soft Europhiles. It is a message that needs persistent repetition to tip the balance from parochial Britain to open Britain and from exceptionalist Britain to mainstream Britain.

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Note on the author: Professor Dame Helen Wallace is a specialist in the politics of European integration. She has served as Foreign Secretary of the British Academy.

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