

Channel deep and wide

Britain's leaders do not want it to leave the EU, but it could happen anyway

IN 1955 THE foreign ministers of six European countries began hammering out the details of an economic and political union that would eventually become the EU. To these momentous meetings Britain sent a mustachioed, middle-ranking civil servant named Russell Bretherton. Sucking on his pipe, Bretherton calmly explained that the project would not get off the ground. If by some chance it did, Britain would not sign up.

A template was thus set. In the following decades Britain has repeatedly been surprised and affronted by the pace of European integration. Prime ministers have briefly grabbed the tiller—notably Margaret Thatcher, wrongly remembered as a straightforward anti-European, who pushed for a single market in the mid-1980s. But in the main Britain has gone along with the European project reluctantly and tardily, often criticising from the sidelines, and joining in only when staying out was clearly the worse option. So it was, at any rate, until recently.

In the past few years Britain has stopped trying to apply the brakes to Europe and has instead tried to find a reverse gear. In 2011 the coalition government passed the European Union Act, designed to trigger a referendum if powers are transferred to Brussels. Britain is to withdraw from many cross-border justice and policing agreements (though it wants to opt back in to some that it likes, including Europol and the European Arrest Warrant). Senior politicians talk of curtailing free movement across Europe's borders and stripping the words "ever closer union" from the European treaties.

Default Eurosceptics

Britain is not the only country that strains against the EU. The euro crisis and austerity have made others cynical, too (see chart 5). But Britain is the only country where Euroscepticism is the default position of the largest political party. And it is the only country that says it wants first to adjust its place in the union and then ask its citizens whether they want to stay in at all.

Although he pretends otherwise, Mr Cameron did not want to hold a referendum on Britain's membership of the EU. But his party was getting so worked up that it was threatening to paralyse his government, so he had to give in. Europe is a deadly issue in British politics. It wrecked the Labour Party in the 1970s and 1980s and the Conservative Party in the 1990s.

Still, Euroscepticism was not invented by Tory politicians, or even by tabloid-newspaper editors. Brussels strikes most Britons as a prolific producer of fiddly rules. Otherwise highly popular policies—such as capping bankers' bonuses—become less so when people hear they were cooked up by Eurocrats. Most polls show that a majority would vote to leave the EU, even in places like south Wales, where European cash has flowed like Brains bitter.

Big firms are keener on the EU than small ones, largely because they export more and have lawyers to deal with regulations. A few industries—such as whisky-making, which benefits from European "geographical indications" rules—are downright Europhile. Manufacturers, too, fear that an exit from the club would be followed by trade barriers. They think a referendum is bad enough. Nigel Stein, the head of GKN, a large engineering firm, says the uncertainty about Britain's place in the EU is a gift to France and other countries that are competing to attract factories. "The other guys want to eat our lunch," he says. Carmakers feel the same way.

But Britain has few big manufacturers. It has lots of services firms, and the single market is not working well for those. Roger Carr, the chairman of Centrica (the owner of British Gas), firmly believes Britain should stay in Europe. Yet his account of Centrica's attempts to expand into continental energy markets is a dismal one, filled with obstructive state-owned entities and protectionism. Britain is open to European energy firms, he says, but the reverse is not true: "We are more welcome in America than we are in Europe."

This complaint is widespread. If services firms found it easier to sell to continental Europe, opinion could swing: look at Britain's financial-services industry, which has unusually good access to European markets and is broadly pro-EU. Sadly, reform is unlikely. Germany, where professional-services industries are highly protected and unproductive, stands in the way.

Fearful of inflating expectations at home, Mr Cameron has been careful not to say precisely how he would try to refashion Britain's relationship with the EU before calling a referendum. Indeed, it is no longer clear that he would try to do that at all. In the past year Tory leaders have become more conciliatory.

Gone is the talk of taking advantage of the euro crisis, and the move to closer fiscal union that this necessitates, to advance British demands for powers to be repatriated. Instead, Britain presents itself as a helpful counsellor and an ally of other governments in their attempts to improve the EU. Denmark, Germany and the Netherlands seem keen on reforms that would allow them to deny benefits to new immigrants; Britain would lead them. Instead of saying they want to repatriate powers, British leaders now talk of enforcing the principles of subsidiarity and proportionality—Eurospeak for the idea that national parliaments should retain as much sovereignty as possible.

This is wise. The European Union has never been keen on making exceptions, and is particularly loth to do it for a country that is increasingly seen as semi-detached. "Britain has no allies if its strategy is to unilaterally seek opt-outs," says Mats Persson of Open Europe, a think-tank headed by Conservative MPs. In any case, he argues, history shows that exceptions made for a single country tend to erode over time. Britain is more likely to get its way if it goes for broader structural reforms.

But there are two big problems. The first is that even well-meaning reformers need pull. Not so long ago other European countries often complained that Britain had too much influence in Brussels—over trade and environmental policies, over enlargement, even over language. Few say that any more. Mr Cameron's veto of a fiscal treaty in December 2011 pushed Britain to the margins as most other countries went ahead without it. Britain has alienated Poland and other east European countries, in part by insisting on cuts to "structural" development funds which benefit them. It lacks bureaucratic heft in Brussels, largely because its civil servants do not speak enough languages. Though it has 12.5% of the EU's population, it supplies just 4.6% of the European Commission's staff—and falling.

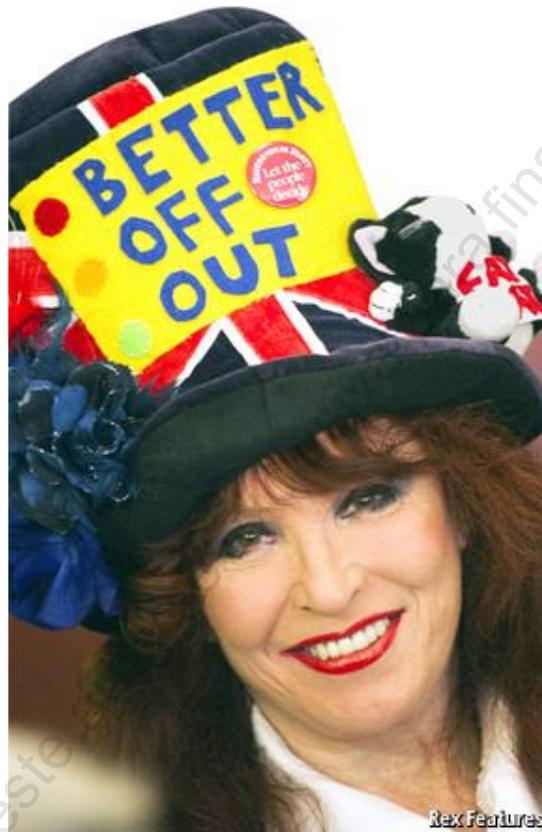
Hopes are currently pinned on the Netherlands. Like Britain, it protests against EU regulation of things like olive-oil jugs in restaurants and argues that "ever closer union" in Europe has gone far enough. But there are big differences between the two countries' positions. The Dutch want to draw a red line against further integration in some areas. The British want to move the line so that powers are repatriated. To get what it wants, Britain needs a change to the EU treaties. The Dutch want no change at all.

The second problem is domestic politics. A hard core of some 30 Tory MPs resolutely opposes British membership of the EU. As one Conservative puts it, if Mr Cameron won the power to rewrite every EU regulation and the other member states agreed to pay the queen's weight in gold in annual tribute, they would still not wear it. Their ranks will swell if renegotiation seems to be proceeding poorly. Senior Tories hope to appear constructive on the continent and tough back home. But the malcontents will be alert to any sign of double-dealing.

Those who want Britain to stay in Europe are hopeful (though not at all confident) that Mr Cameron's plan will work. They are more worried about what happens if he loses the 2015 general election and cannot carry it out. Labour, a more Europhile party, has yet to decide whether to match the Tories' promise of an in-out referendum. If the party wins a majority it might plump for a quick one, rather like the votes on Scottish and Welsh devolution, which were held four months after Labour came to power in 1997. That way the party could take advantage of a post-election honeymoon. Even so, it may not get the result it wants. By then the Conservative Party might be led by an out-and-out Eurosceptic: Mr Cameron will surely be ousted if his party is evicted from government.

Ins and outs

The EU will never win a political beauty pageant in Britain. But if the country left, what exactly would it do? Even the most fervent Eurosceptics tend to shuffle their feet at that question. Britain could leave the union but remain a member of the European Economic Area and the European Free Trade Association, like Iceland, Liechtenstein and Norway. But that would mean being bound by regulations that it cannot shape—the Norwegians call it “fax diplomacy”—which would be hard for a nation used to throwing its weight around. Or it could leave the EEA but remain in EFTA, like Switzerland; but it would still have to swallow almost all regulation. And the EU, which is unhappy even with Switzerland’s arrangement, would make life unpleasant. Or else Britain could leave Europe entirely, in which case the tariff barriers would go up and many retired Britons might have to swap the Costa Brava for Margate.



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A British exit would also affect the country’s relationship with America. This has anyway cooled somewhat of late—the result of America’s pivot to Asia and Britain’s growing reluctance to get involved in foreign military adventures involving bearded men. The public feels lied to about both Afghanistan and Iraq, and budget cuts have made peaceniks even of the armed forces. But the two countries remain close nonetheless. Even when they are not joined in war, America and Britain are bound by military co-operation and, more notoriously, by shared intelligence.

America regards Britain as a useful advocate in Europe for the sort of liberal, free-trading rules of the road that it favours. And so it is: an EU without Britain would probably be more protectionist. Although Britain is not the essential bridge between Europe and America, as Tony Blair once fondly believed, it is nonetheless an important one. If Britain were to leave the EU, the country would come to seem less useful.

Britain has really only two options: a miserable one and a calamitous one. Staying in Europe means a gruelling struggle to retain influence in a club that increasingly revolves around the euro zone. Leaving would mean hardly any influence at all, and great damage to business.

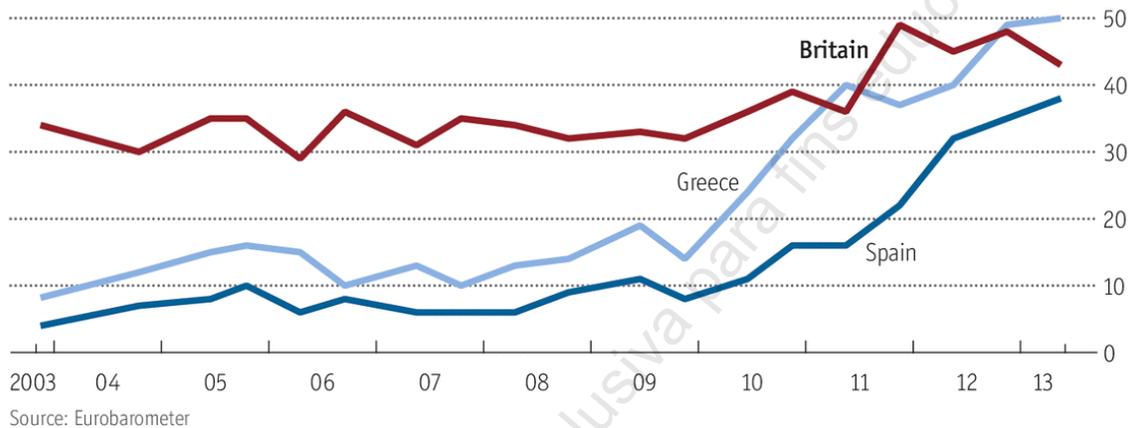
There is a quick, if deeply humiliating, way for a British prime minister to ingratiate himself with the leaders of other countries: speak their language. Churchill gave a speech in French; so did Edward Heath, Margaret Thatcher and Tony Blair. Mr Cameron has not done so yet (though he has attempted to sound Australian). When you hear a speech in home-county-accented French or German, Britain will be a little more serious about securing its place in Europe.

Critics all

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"Does the European Union conjure up for you a positive or negative image?"

% responding negative



Fonte: The Economist, London, v. 409, n. 8861, p. 8-9, 9 a 15 Nov. 2013. Special Report Britain.