

# Why does the EU look different through English eyes?

*The Brexit referendum was dominated by simplistic visions of the European Union. Critics portrayed the EU as vacuuming money out of the UK to support an overweening Brussels bureaucracy, while Remain supporters appeared tongue-tied in making a positive case to stay in the EU. Drawing on a new book, **Richard Pomfret** argues the process of European economic integration has alternated between periods of reform and apparent gridlock, but with substantial cumulative change over the last 75 years. At each major step, the UK hesitated or followed a false trail.*

For Belgium, France, Germany, Italy, Luxembourg and the Netherlands, economic integration was an instrument for preventing renewed war in Europe. The project has been successful. In the 75 years up to 1945, Europe suffered three increasingly devastating Franco-German wars; in the 75 years after 1945, France and Germany co-existed peacefully.

In a [recently published book](#), I argue that European integration has been an evolutionary process, using economic integration as a means of promoting political harmony. Or, if harmony is too strong a word for an institution often characterised by dissent before agreement on a path forward, a means of maintaining peace in Europe. Member governments have been cautious in resisting change that might negatively impact perceived national interest, but ultimately have reached agreement on how to proceed.

The purpose and nature of European economic integration has been viewed differently in England. For London, economic integration was about balancing economic costs and benefits, and avoiding ceding too much sovereignty. At each major stage in European economic integration, the UK was out of step, either reluctant to participate or pushing its own priority.

The original six members started with a limited sectoral agreement before agreeing in the Treaty of Rome in 1957 to set up a customs union. The UK stayed away. The customs union took a decade to establish, including a convoluted special regime for agriculture. As an alternative to the customs union, the UK set up a free trade area with six other countries. Without a common external trade policy and excluding agriculture, the free trade area was simpler than the customs union. However, the most dynamic western European economies were in the customs union.

The UK abandoned the free trade area and joined the customs union in 1973. In less than a decade, Margaret Thatcher was complaining about the UK's positive net contribution to the budget and fighting to get Britain's money back. The idea that contributions should be balanced was not accepted by other members. They preferred to address UK concerns by reform, reducing the share of spending on agriculture and increasing funding for poorer regions of Europe and other common projects.

By the early 1980s, the integration project was in difficulty. Members used non-tariff barriers to get around the internal free movement of goods in the customs union, and little progress had been made on free movement for services, labour, or capital. Margaret Thatcher's budget struggles alienated other members who out-manoeuvred her in passing the Single European Act in 1986. The members agreed to strengthen economic integration by creating a single market.

Thatcher initially supported creation of a single market, of which her ally Lord Cockfield was the principal architect, but dramatically reversed her position when it became apparent that the single market might include adoption of a single currency. That was too great an invasion of UK sovereignty. By then, it was too late, and Thatcher's obduracy contributed to her losing her job. The single market was codified in the 1993 Maastricht Treaty and followed by creation of the euro. The Maastricht Treaty was passed with lukewarm acquiescence of Thatcher's successors who demanded opt-outs from the social charter and the common currency – and amid strong opposition from Eurosceptics in the Conservative party.

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The EU in the 21<sup>st</sup> century differed from the European Communities of the 1970s not just in depth of integration but also in expansion from 12 to 28 members. The situation required new rules on decision-making, formalised in the 2007 Treaty of Lisbon. Although the UK was generally supportive of enlargement, Eurosceptics were cautious about the deeper integration set out in the Lisbon Treaty, despite increased emphasis on subsidiarity. Brexit was not inevitable, but the battle lines were being drawn.

There can be a political debate about accepting the constraints of being a rich country in the EU. Both Switzerland and Norway have decided not to join. Denmark and Sweden continue to have doubts over currency union, but prefer to work within rather than outside the EU. Such a debate scarcely took place in the UK, in part because positions for and against the EU were staked out early, on the basis of simplistic or outdated views of what European integration might involve and without public discussion either of the UK's role in the EU as it was evolving or of practical matters such as the Irish border or fishing rights.

The integration process has not been without its dangers. The 2010s were dominated by three crises that were unanticipated results of deeper and wider integration: the euro/Greek financial crises, the refugee crisis, and Brexit. By 2020, all three had been resolved, imperfectly but sufficiently to remove the label 'crisis'. On the first two, the EU is making cautious moves towards deeper integration through fiscal policy coordination, a stronger European Central Bank, a better funded frontier service (Frontex) and other measures. In the 2020s, the Commission has staked out its commitment to a green Europe.

The EU remains a work in progress and may always remain so. Institutionally the 'democratic deficit' of a Parliament with limited powers (and whose members are often elected on poor turnouts) must be addressed. The economic areas still in need of reform include banking and financial sector regulation, portability of social security and other benefits as the population becomes increasingly mobile across national borders, and management of immigration into the border-free EU area (including treatment of refugees). These are not easy matters, and some members may resist change, to the extent of following the UK through the exit door. However, all the signs are that the EU is here to stay whatever its future evolution.

***For more information, please see the author's accompanying book, [The Economic Integration of Europe](#) (Harvard University Press, 2021)***

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*Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: [Pippa Fowles / No 10 Downing Street \(CC BY-NC-ND 2.0\)](#)*

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