

## It is entirely possible that Britain could leave the European Union within the next decade.

Blog Admin

*The prospect of a referendum on the UK's membership of the European Union was a recurring theme in 2012. Ahead of David Cameron's speech on Europe, [Iain Begg](#) assessed recent developments on Britain's future relationship with Europe. He argues that current trends are making a British exit from the EU more likely, and that even if the country maintains EU membership, its relationship with other member states will be far from straightforward.*



When Prime Minister David Cameron flounced out of the December 2011 European Council meeting that paved the way for the Fiscal Compact, letting all the world know that he had used his veto, a line was crossed in the UK's relationship with the EU. Instead of being an awkward customer, constantly complaining about the quality of what was on offer, but still coming back for more, it now looks conceivable that the UK will take its trade elsewhere. After months of speculation about a 'Grexit' (a departure of Greece from the euro) the expression now on many commentators' lips is 'Brexit'.

There are many reasons for this speculation. Although Cameron has robustly dismissed moves by his more euro-sceptical MPs to force a referendum on the EU and to tie his hands on negotiating the EU budget, the issue of EU membership is now very much a live one in British politics and it looks increasingly likely that a referendum on whether the UK should remain part of the EU will be held during the next parliament. If so, and bearing in mind the often quixotic nature of a referendum as a political mechanism, a 'no' vote is not unlikely.

The United Kingdom has always been a reluctant European, reflecting not only its history, the fact that it is an island state and its affinity with the other English speaking nations, but also a different vision of European Union. For the UK, the economic dimension of EU membership has nearly always been more prominent than the political goals that were paramount for the post-war leaders of France and Germany, who saw peace as the core objective.

The high point of UK membership of the EU came with the establishment of the single market programme in the late 1980s, a dimension of European integration that continues to be what Britain values most. Monetary union, by contrast, was always considered as being a transfer of competence too far for Britain to accept. Today, the UK decision to stay out of the euro is generally accepted as having been wise and prescient. In fact when journalists or politicians from other countries ask when Britain might join the euro, the response from even the most pro-European of Brits is amusement that such a dumb question should be posed.

As the euro area has slowly come to grips with its succession of crises, the UK stance has been to call for deeper fiscal and political integration, banking union, and political leadership, but without British participation. As David Cameron explained at a meeting in Berlin in June 2012, 'I can understand why eurozone countries may want to look at elements of banking union', but he went on to



UK Prime Minister David Cameron and President of the European Council Herman van Rompuy

say that 'because we are not in the single currency, we won't take part in the profound elements of that banking union'. At the December 2012 European Council meeting Cameron duly obtained the let-out he wanted.

However, there is a cost: British advice from the side-lines is delivered in a tone that is leading to increasing exasperation among other EU leaders. Even natural allies of the UK, such as Sweden and Poland, are losing patience and barbed comments have apparently been made by leaders such as Angela Merkel. More generally, other leaders are starting to consider an EU without Britain.

Several recent developments accentuate the drift towards separation, even before Cameron makes his much-trailed (and postponed) speech on the future relationship with the EU. In 2011, the coalition government passed the *European Union Act 2011* which will mean that any future transfer of power to the EU will be subject to approval by referendum. In the present political climate, it is hard to see how such a referendum could be won unless it is on something of overwhelming interest to the UK. In July 2012, Foreign Secretary William Hague launched what has been described as an [audit](#) of Britain's relationship with the EU. The 'Review of Competences between the United Kingdom and the European Union' will be a comprehensive examination of what the EU does and why, and is expected to result in wide-ranging proposals for a recalibration of the relationship. Home Secretary Theresa May has announced that she will exercise an [opt-out](#) on crime, policing and justice, even though many of the measures are in tune with government policy. The unfinished negotiation of the EU budget has the potential to stoke the flames, and so on.

The government has also talked (albeit vaguely) about renegotiating the terms of UK membership of the EU and (still more vaguely) about subjecting the outcome of this renegotiation to a referendum. Hague claims to detect a growing disenchantment with the EU in Britain, and observes that 'people feel that in too many ways the EU is something that is done to them, not something over which they have a say'.

All these developments suggest that it will become increasingly more difficult to reconcile UK exceptionalism with the desire of other Member States to deepen integration. In the past, the UK has been accommodated by opt-outs (e.g. monetary union), resorting to protocols rather than full Treaty articles, long delays or other means of allowing the UK to articulate its resistance. Such approaches solve the immediate problem, but at the expense of complicating arrangements and leaving behind uncomfortable precedents. Even the rebate on the payment into the EU budget negotiated by Mrs Thatcher in 1984 is an *ad hoc* device which, although permanent in the sense that it stays until Britain agrees to forgo it, has since led to an increasingly messy system for funding EU spending.

For the UK, the diversity of national views on European integration has to be respected with the implication that there can be different degrees of union. But for others it is becoming increasingly hard to accept that proposals endorsed by everyone else can be blocked or delayed by just one Member State. The question now is whether an EU of variable geometry will be acceptable or whether Britain is now on an inexorable route out of the Union. It is a question without easy answers.

Three scenarios can be envisaged for the UK. The first is that the UK leaves the EU and establishes a looser connection similar to those of Norway or Switzerland. A second would be for the UK to remain inside the EU, but to have a long-term agreement to stand apart from the deeper integration that others now appear to want. The third would be a much more positive engagement with the closer integration that is emerging.

Of these, the third currently has no obvious source of political support. Quite simply, a political party that argued for more 'Brussels' would be unappealing to voters. The few strongly pro-Europeans who occasionally advocate closer integration are very much in the minority and have no real influence on public debate. By contrast, the euro-sceptics who would be happier to see Britain out of the EU have a substantial political base in the Conservative party and the UK Independence Party (UKIP). Indeed, the consensus is that a majority of the new Conservative MPs who entered Parliament for the first time in 2010 are euro-sceptical, as are several of the leading cabinet ministers.

It follows that there is undoubted political support for a withdrawal scenario. What is less clear is what a UK divorce from Europe would mean. Britain would want to retain its access to the European market and

to ensure that it was able to influence the development of the rules governing that market. But more sober commentators worry that leaving the Union entirely would leave Britain exposed to plots to slant the market against its interest.

A similar worry arises in connection with the scenario of continuing, but incomplete membership. The skirmishes around the agreement of the fiscal compact and the proposals for banking union have shown that Britain already struggles to find compromises acceptable to its partners who are becoming increasingly reluctant to vary the geometry even more. Although all of this is consistent with the Lisbon treaty, it makes for an increasingly uncomfortable position.

A working assumption has to be that the deepening of the eurozone is going to continue, with at least some form of banking and fiscal union being constructed, possibly including moves towards a separate eurozone budget and mutualisation of debt. It is inconceivable that the UK would participate. If so, the UK's detachment may have reached the point at which the debate ceases to be about what further differentiation can be achieved. Instead, as the list of issues on which the UK seeks special terms lengthens, the debate may shift to be about whether the other Member States will tolerate a member that wants to be so different. In other words, the 'in but detached' scenario may cease to be a choice for Britain; instead others may lose patience and oblige the UK to state whether it wants to be much more comprehensively in or out.

The obvious conclusion to draw is that the conjunction of growing euro-scepticism domestically and the perception elsewhere that the EU is being held back by the UK, must inexorably lead to the exit door. British politicians of all the main parties could easily talk themselves into a referendum on EU membership, some of them thinking of it as a way to reaffirm a commitment to stay in, only to find that the arguments for a 'no' vote prevail.

Many in Britain would rejoice at such an outcome, but there are still many pragmatists who would find such a prospect alarming and, though still tentative, there are signs of a fightback. Recent speeches by Roger Carr (President of the CBI), Tony Blair and Ed Miliband have articulated concerns. Europe remains by far the biggest market for UK exports and the web of contracting links between companies across the continent is dense and crucial to international competitiveness. It is not for nothing that UK politicians refer so often to the importance of the single market.

The coalition government defines itself above all by the objectives of sustainable economic recovery and fiscal consolidation, and will not want to risk a divisive contest about Europe, especially if it leads to tensions inside the two governing parties. Nevertheless, in the short-term there are bound to be further difficult negotiations for David Cameron around the EU budget, following the failure of the November 23<sup>rd</sup> European Council to settle the matter, while the European Parliament elections in 2014 will probably see a resurgence of support for UKIP.

Cameron will be under pressure to strike a fairly robust euro-sceptical stance in the 2015 election. He will need to placate his core voters, fearing that they might otherwise consider UKIP or another fringe party, thereby making it more likely that he will lose parliamentary seats to the other main parties.

Looking ten years ahead, therefore, Britain could well be out of the European Union. Negotiating a withdrawal and defining the terms of a new relationship will be a difficult task and not one that will automatically be good for the UK. Even if the UK stays in, the relationship with its partners risks being awkward and contrary. Either way, it will be a bumpy ride.

*This contribution is an abridged and updated version of an article published in issue 46 of [La Vanguardia Dossier](#).*

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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