

# Poor economic performance may leave the UK with no choice but to join the euro if it wishes to remain in the EU.

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*In light of the Eurozone crisis, many commentators in the UK maintain that the Eurozone and the EU are doomed. Recalling the UK's desire to remain apart from embryonic attempts towards European integration in the 1950s, [Tim Bale](#) argues that, should the euro survive, the UK may be unable to resist further integration. With a relatively poor outlook for growth in the coming decade, the UK may be soon faced with a choice: join the euro to remain in the EU, or face complete marginalisation.*



There can't be many people who begrudge Winston Churchill his place on the UK's new five pound note. True, it's a bit of an understatement to say that the man had his faults: any list of them, after all, runs all the way from his dodgy views on race and ethnicity to his effectively throwing hundreds of thousands of men onto the dole in the 1920s by his decision, as Chancellor of the Exchequer, to restore the gold standard. Still, his achievement in steering this country through the Second World War speaks for itself. So, too, does his scintillating writing and speech-making.

Interestingly, for all that he's a nationalist icon, Churchill also remains something of a hero among fans of European integration. Indeed, I've lost count of the number of times I've heard him quoted in speeches from those – be they from the UK or abroad – who would like to see this country play a more constructive role in the project.

The quote they use is always the same – the one from [his speech in Zurich in 1946](#). But they nearly always rip it out of context. What they remember is Churchill's prescription of a 'sovereign remedy' – a 'United States of Europe' that would help 're-create the European Family...and provide it with a structure under which it can dwell in peace, in safety and in freedom'. What they forget is that he finished by recommending that 'France and Germany must take the lead together' while Britain (and its Commonwealth) would, with the US and maybe even the USSR, be just one of a number of 'friends and sponsors of the new Europe', who would 'champion its right to live and shine.'

Five years later in 1951, and this time in private, Churchill sent a memo to his Cabinet on the same issue, but gave them pretty much the same message, telling them 'We help, we dedicate, we play a part, but we are not merged and do not forfeit our insular or Commonwealth-wide character.' Back then, of course, Churchill was talking about embryonic moves toward European integration more generally. However, his words (especially if we substitute 'global' for 'Commonwealth-wide') pretty much sum up the current government's approach to the Eurozone's attempts to put its house in order via a combination of pan-European financial regulation and budgetary surveillance

Just like Churchill and his colleagues, the Cabinet today seems to recognise that these moves towards enhanced and institutionalised co-operation on the part of our neighbours are, broadly speaking, of benefit to us. Likewise, Cameron and co. realise that we can't pretend it's not happening and that we have to play at least a passing role (though only a passing role) in the new economic governance – something doubtless made easier because they believe we'll pass all the tests member states will be required to sit.



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But deep down, just like their counterparts in the early fifties, today's ministers don't really see the UK as part of the problem, which to them also means that we're not really a part of the solution. As a result, to use Churchill's phrase, we remain determined to 'forfeit' nothing, and – presuming we manage not to preach (which became our default mode under Blair and Brown) – we keep calm and carry on patronising. There is, however, a risk to all this. While making any firm prediction would be foolish, it could be that, as in the 1950s, this system we assume can never work will be made to work and that consequently we won't be able to have our cake and eat it and will end up having to join anyway.

In the 1950s and into the 1960s the stark choice facing the UK was about whether or not to join the EU (or the EEC as it then was). Now, it is at least possible – no-one is saying probable – that, even though many of us would like to retain full membership of the EU but stay out of the single currency, that luxury may soon be denied us. Why? Because it is increasingly apparent that, if the Eurozone does not break up, then anyone who is anyone in the EU will sooner or later become part of it. In other words, full membership of the EU and membership of the Eurozone will eventually become coterminous, effectively forcing us to choose (presuming we haven't already left the EU by then) between all or nothing.

If all this seems inconceivable, even laughable, then think back to 1951 when Churchill sent that memo to his Cabinet. It seemed equally inconceivable then that Britain, which saw itself at the centre of a global trade network but only on the periphery of a conflicted continent, would within a decade or so be begging to be allowed to participate in an experiment it had initially scorned.

Obviously, there are big differences between now and then. For a start, the BRICs were nowhere near the important markets they have become: the possibilities they offer this country are clearly huge compared to the ersatz empire that was the British Commonwealth. One can also argue that, unlike the EEC in the early fifties, the euro is an innovation that has been tried and found wanting. But while the first of these differences is undeniable and to all intents and purposes permanent, the second may not be. The euro is certainly ailing, but we cannot be sure it is failing.

Moreover, remembering how influential the relative performance of the British and European economies was to our decision to try and join the EEC, it is by no means clear that over the next ten years our rate of growth will outstrip those enjoyed by our continental partners. After all, we still have poorer infrastructure than many of them, and our education system doesn't seem likely to give us an advantage in human capital either. Meanwhile, the chances that we will outstrip them in terms of exports to the rest of the world seem pretty remote, especially if we recall that the UK has in the last two or three years effectively experienced a significant currency devaluation, but without notable benefit to our trade with the outside world.

British politicians, however proud they are of this country's history, love to think of themselves as pragmatists. But their desire to remain as free as they can from the EU's new economic governance, like their predecessors' initial reluctance to have anything to do with the EEC, may mean the UK eventually ends up having to choose between complete marginalisation (or even exit) and trying to fit into a system whose design we had little or no say in.

*This post is based on remarks made to the symposium, *European Institutions at a Tipping Point*, organised at the Carlton Club by the [Konrad Adenauer Stiftung](#) and the [Centre for European Studies](#), 23 April 2013.*

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

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