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## Britain and Europe: Post Blair's Election and Pre-Single Currency

Roy Jenkins\*

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# Britain and Europe: Post Blair's Election and Pre-Single Currency

Roy Jenkins

## **Abstract**

This Essay traces the history of Britain's relations with the European Community, now the European Union. It concludes that the Single Currency is key to all future activities of the European Union, as well as to Tony Blair's ability to escape from the 'mishandling of Europe' curse which has bedeviled so many British premierships.

## BRITAIN AND EUROPE: POST BLAIR'S ELECTION AND PRE-SINGLE CURRENCY

*Roy Jenkins\**

The history of Britain's relations with the European Community, now the European Union, has been on the whole a distinctly unhappy one. No Prime Minister, from Attlee to Major, with the sole exception of Edward Heath, who balanced his admirable handling of European relations with a less deft skill at home and lasted for only three years, has enhanced his reputation in Europe. Even Churchill, who trailed clouds of glory as both the architect and the symbol of Britain's resistance to and victory over Hitler, was the epitome of Britain's ambiguity towards Europe. It was never wholly clear in any of his three or four major speeches on the subject whether or not Britain was to be part of the unity which he was urging upon the continent.

This ambiguity essentially stemmed from Britain seeing herself at that stage as only half a European power, a feeling which was reinforced by a British desire to maintain the country's position as one of the triumvirate of victorious World War II powers, and qualitatively different from the defeated or occupied states of the continent. This was natural and understandable in Churchill's case above all, but not unique. Attlee, Eden, less certainly Macmillan and then Home, Wilson and Callaghan before, still more decisively Mrs. Thatcher, felt approximately the same. Unfortunately it was a view which, while understandable, was also unsustainable. Britain in the post-war world had no resources with which it could retain a role remotely comparable with that of the United States or the Soviet Union. But its flickering desire to do so not only imposed an excessive strain upon its economy but was also incompatible with a full British role in Europe, for that meant being willing to mingle on a basis of equality.

The result was that we always joined every European enterprise reluctantly and late, a recipe which conduced to neither our prosperity nor our influence. This happened with Schuman and Monnet's Coal and Steel Community in 1950-51, which we subsequently joined when we came into the Economic Commu-

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\* House of Lords, United Kingdom.

nity in 1973, twenty-two years late; with the Economic Community itself, when we declined to go to the formative Messina Conference in 1955, and subsequently stood outside the Treaty of Rome when it was signed by the Six in 1957, and which we were sixteen years late in joining; it applied to the European Monetary System and its Exchange Rate Mechanism when they were put together in 1978-79, and which we entered in 1990, only eleven and a half years late. It could, I suppose, be argued that the degree of lateness was on a declining scale: twenty-two, sixteen, eleven and a half. It might have been expedited to be seven or only five the next time around. Unfortunately, however, the date of entry into the Exchange Rate Mechanism was not only late: it was also at the worst possible moment because it was at an inappropriate rate and at a time when the D-mark, reacting to the strains of German reunification, rather like the dollar under the pressures of the Vietnam War at the turn of the decade from the sixties to seventies, had become a less than satisfactory pivot of a currency system.

During the 138 months when Britain was outside the E.R.M., the system had worked satisfactorily and quietly, bringing considerable benefits of stability in exchange rates, with no strains greater than could be accommodated by a few non-traumatic adjustments of central rates, to the eight countries which participated from the beginning. Of these months, at least 130 in my view would have been better points of entry than the one which, largely for reasons of internal party politics, was eventually chosen by the then British government. The result was misfortune all around. The British repeated their experiences with the Economic Community. We then missed, partly through our initial hesitation and then through de Gaulle's exclusivity, the buoyant years of the 1960s and only came in for the difficult period beginning with the first oil crisis. With the E.R.M., it was worse. Not only did we miss the decade and more of the good years, we came in only for two years of buffeting which ended in our bruised extrusion. It also left the impression in Europe that everything worked reasonably well until the British arrived and messed it up.

Is there a curse on Britain's relations with Europe? As someone who had for forty years invested a great deal of political capital in the cause of Britain's adhesion to Europe, I have found myself forced in the past few years to ask myself that ques-

tion. As has been apparent from the brief and somewhat tendentious history which I have given, there has been little to choose between the performance of the two governing parties. It was the Attlee Labour government which stood out from the Coal and Steel Community. It was the Eden Conservative government which did the same thing with the Economic Community. The Macmillan Conservatives which followed did the first spring after the railroad train which we had allowed to leave without getting on board. But the depth of that government's European conviction was never put to the test because General de Gaulle stepped in, dismissed Britain as belonging to the *le grand large* (the open sea) and not to Europe, and brought the first negotiations for enlargement to a juddering halt in January 1963.

Harold Wilson, whose government followed in 1964, in fact did more for British Europeanism than any Prime Minister other than Edward Heath, although in a peculiarly uninspiring way. He twice led backwards into Europe. He decided after three years of government that there was no other way for Britain. Then, in opposition after 1970 and finding it impossible to support anything that Edward Heath did, he finessed back again and did his reputation great and unnecessary harm.

In government again after 1974, however, he promoted the referendum on Britain's continuing membership of the European Community, gave deft if luke-warm support to a 'yes' vote, which was secured by a two-to-one majority, and consequently provided the most solid underpinning to the cause of British Europeanism that there ever has been. So far from using this result as a base from which to play a strong hand in Europe, however, he stood back for the few remaining months of his premiership from the Helmut Schmidt/Valery Giscard d'Estaing partnership which was then dominant in Europe.

His successor for three years, James Callaghan, although personally on better terms with them, did essentially the same. It was his government which alone of the then nine member countries, refused to join the Exchange Rate Mechanism of the European Monetary System. And at least one of the reasons for doing so was at once deeply symptomatic and ironical. I remember vividly at the Copenhagen European Council in April 1978, when the scheme which Schmidt and Giscard and I had worked out was presented, the fear of the British delegation was that it

would offend the Americans. What the Americans wanted then, as fairly consistently over the post-war period, was that the British should get closer to Europe. What the British were looking for was some approach to an exclusive relationship across the Atlantic that would provide them with an excuse for keeping their distance across the Channel.

Then we come to the long Thatcher years. Her performance on Europe was curiously ambivalent. She has never had even a touch of Euro-enthusiasm in her make-up. "They are a rotten lot, except maybe for Schmidt" she graciously conceded in about the most favorable private judgement I can ever recall her making. From the beginning she adopted her handbag-swinging technique at European Councils and seemed positively to enjoy being in an isolated position. And it was her Euro-intransigence, carried to a point that alienated all her senior colleagues that eventually broke even her long partnership.

The odd paradox is that by signing the so-called Single European Act in 1986 she signed away more national sovereignty than anything that was involved in the Maastricht Treaty, and nonetheless got it ratified without any of the parliamentary trouble that John Major ran into with the Maastricht Treaty. As a result, the advance to the Single Market was one major step towards integration taken in Europe in the past half century in which Britain was not left tagging along behind. Therefore, in substance if not in style, the objective record of Mrs. Thatcher, extreme Euro-sceptic although she has now become, was more Europhile than that of Mr. Major, despite his initial proclamation that he wished to place Britain at the heart of Europe. He was buffeted by his party difficulties into being just as frequently isolated as Mrs. Thatcher, and without any panache of intransigence.

From this somewhat depressing chronicle there arise several thoughts out of which a general theory can begin to be built. First, it was by no means a pure accident, the quirks of Mrs. Thatcher's personality apart, that it was the Single Market alone for which Britain was on time. The Single Market was a matter limited to packages, of the unfettered flow of trade, of trucks rolling unhindered across frontiers, and not of wider political considerations. And the hesitant British view, in direct contradiction to the spirit of Monnet and the other founding fathers who saw Europe as essentially a political concept, was that Eu-

rope should largely confine itself to matters of packages. Thus, the Single Market is acceptable, but a Single Currency is not. Although a Single Market is half crippled without it, because a Single Currency raises far more issues of political control. But Europe is about far more than packages. Europe is and must be about men and women, and peace and politics and security, and art and life, and buildings and ecology, and wider purposes than packages.

Second, it has not been possible to make any very politically partisan case, between the two blades of the Labour and Conservative scissors, out of the weakness of the hand which Britain has long played in Europe. Indeed the two governing parties have been like the old man and the old woman in those cuckoo clock-like weather houses. If one came out for a sunnier approach to Europe the other went back in. Thus Labour, which had traditionally been internationalist and against Conservative chauvinism and imperialism, cast the first stone against the Coal and Steel Community. The Conservatives in opposition voted for it, and then resiled in Government. In the 1960s and 1970s, with Labour wobbling about, a combination of Edward Heath's genuine European idealism and a defensive view on the part of the stolid core of the party that the relative free market of Brussels might protect them from an insular socialism, which the old Labour Party still seemed strong enough to impose, made the Conservatives the party of Europe. Margaret Thatcher and Jacques Delors between them produced a gradual but dramatic reversal of alliances in the 1980s. The new Right has become chauvinist and insular and even the old Left came to think that there was more hope from Brussels than from Westminster of reversing the disastrously widening gap between the prosperous and the underclass.

But what about not the old but the new Left, or New Labour in the term which has proved to be so outstandingly successful in securing the biggest left-of-center parliamentary majority in British political history? Tony Blair in my view undoubtedly has more instinctive European feeling than any of his predecessors since Edward Heath, who has now been out of office for twenty-three years. I also think he is buttressed by some strong Europeans amongst the leading members of his Cabinet. That is certainly so of Gordon Brown, the Chancellor of the Exchequer, who occupies what is bound to be a key sector of the battlefield

while the Single Currency holds its central position on the agenda. Robin Cook, the Foreign Secretary, is thought to be less enthusiastic. But a year or so ago, I heard him give an answer at once original, convincing and calculated to stand the test of time. Was there any significant difference between the Conservative and Labour parties on Europe, he was asked? Surely they both had their contingents of Euro-sceptics. Yes, he replied, but there were big difference. First, the anti-Europeans in the Labour party are now nearly all old, often retired or on the verge of retirement. In the Conservative party, by contrast, they are mostly the young candidates seeking (even if not in 1997 very successfully) first entry to the House of Commons. Second, the Labour party's links with the Trade Unions, although deliberately somewhat weakened, are obviously still much stronger than those of the Conservative party. And the labor unions are now strongly pro-European. Third, the Labour party, together with the Liberal Democrats, have a commanding position in local government, and the leaders of city and county councils have come increasingly to prefer dealing with Brussels than with Whitehall. These amount to three substantial medium-term considerations.

It is also the case that all the early moves of the new government have been directed towards importing a better atmosphere into their relations with Brussels and the European Union generally. And these moves have obviously been greatly welcomed. But I hope that Mr. Blair is not deceiving himself about the possibility of achieving a leadership role in Europe without full participation in its central activities. I remember being very struck by how quickly and completely Felipe Gonzales appreciated this after Spain came in at the beginning of 1986. As a result Spain has perhaps been the third most influential country in the past ten years. There is no getting away from the issue of the Single Currency. Some people whom I respect think that it is a mistaken axis of advance. But there is no doubt that it is one which, rightly or wrongly, has been chosen and is being pursued. If it were to be abandoned or frustrated now it would be the equivalent of the captain of a very large airplane deciding to reverse his engines and abort his take-off at the last possible moment. The passengers may survive, but the experience would be very disagreeable; they should be nastily shaken up, and not at all inclined to any early subsequent ventures. Exactly the analo-



gous consequences would follow if the Single Currency were not now to go through. There would be a great blow to confidence, and in the aftermath of the *dègringolade* a sullen and negative mood would set in. I very much doubt if in these circumstances enlargement to the east would be carried through. France and the Benelux countries, who have never been naturally enthusiastic for extending the Union, of which they have so long been the core, might well block it. So let there be no doubt that a successful, buoyant and generally outward looking European Union now needs a successful launch of the Single Currency. To believe otherwise is to ignore the whole history of the Community, which is that of alternative periods of energy and torpor. To recoil from the Single Currency now would guarantee a substantial period of torpor. And a state of torpor is not one in which six to ten new members can be absorbed.

The Single Currency is therefore key to all the future activities of the European Union. It is also key to Blair's ability to escape from the 'mishandling of Europe' curse which has bedeviled so many British premierships. In Luxembourg in mid-December he was brought brutally up against the reality that you cannot have the benefit of being in while being out. That is not a total disadvantage, had he been allowed to have the best of both worlds, for it would have undermined a large part of the case — no influence without full participation — which Blair will have to deploy in the referendum the Labour party has made necessary to endorse British accession to the Single Currency. The Luxembourg experience may, however, convince him of the need to shorten the period before British entry, of the inevitability of which, to their credit, both Tony Blair and Gordon Brown have, by a sort of mood music, been notably successful in convincing the British public.