

Britain and Europe: From Isolation to Co-leadership?

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Since the publication of Stephen George's study on Britain's relationship with the European Community (EC) / European Union (EU)² it has been common to describe the country as an 'awkward partner' (George 1990). Many of the participants in the academic debate share this view.³ The geographical situation of Britain, her colonial past, the 'special relationship' with the United States, the country's EFTA engagement, and the British political system and culture all contribute to this judgement (Lynch 1996). Although Britain tried to become a member of the EEC in the 1960s, these arguments still dominate the debate.⁴

The country's accession to the European Community in 1973 was interlinked with a very lively debate on whether national sovereignty should be transferred to supranational institutions. Many of them, such as the European Court of Justice (ECJ) and the European Commission, were regarded as being beyond the reach of domestic mechanisms of political control. At the beginning of the 1970s, the key question in the British debate on Europe was: How can EEC membership serve Britain's interests best and will the loss of sovereignty be limited to a tolerable extent? Although the country's membership in the EC was confirmed by the British people in the 1975 referendum by a ratio of 2 to 1 (Butler & Kitzinger 1976, King 1977), questions of European integration have remained enormously controversial in British politics. Labour and the Conservatives not only have had to face serious attacks by their political opponents. In the past, both parties have also had considerable difficulties in drawing up European policy profiles which were supported by the majority of both the party elites and the rank and file.

Against that background, the country has shown a more or less pragmatic attitude towards European integration during its first 25 years of EU membership. The

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² In the following, the terms 'European Economic Community' (EEC), 'European Community' and 'European Union' change according to the 'acquis communautaire', which was mainly influenced by various treaties such as the Single European Act (SEA) (1987) and the Maastricht Treaty (1992).

³ See Lord Beloff 1996, Bulmer 1994, Chisholm 1995, Denman 1995, Edwards 1993, Geddes 1993, Greenwood 1996, Volle 1994.

⁴ General de Gaulle vetoed both applications. After his resignation in 1969, accession talks were intensified and Britain joined 'the club' together with Ireland and Denmark (Young 1993, 1996).

permanent balancing act between domestic politics, party dynamics, representation of British interests on the supranational stage and the relationship with the other member countries of the European Union has resulted in a 'down-to-earth-problem-solving-approach' with hardly any 'idealistic' or 'visionary' idea of a united Europe. The latter attitude seems to be more characteristic of French or German approaches towards European integration (Volle 1989). In the past, demands for reforms of supranational policies such as the Common Agricultural Policy (CAP) or a strong emphasis on intergovernmentalism served as a *leitmotif* for British European policy. These 'essentials' often led other EU member states to regard British attitudes towards Europe as reluctant, contradictory and even unproductive.

It is important to keep these circumstances in mind when we try to assess the Conservative governments' policies towards the European Union between 1979 and 1997. During the last two decades it was mainly Margaret Thatcher who shaped the British image in the supranational arena. John Major, as her successor, changed the rhetoric but held on to the fundamentals of British policy towards Europe. In its last election campaign, the Labour Party under Tony Blair stated that the time was ripe for a new era in Britain's relationship with its European partners. The British presidency in the Council of Ministers during the first half of 1998 served as the litmus test for that announcement. The party's claim to a more positive attitude towards European integration therefore provokes the question whether the government under Tony Blair is in a position to lead Britain from isolation to co-leadership in the European Union.

Dealing with the problem of continuity and change in Britain's attitude towards European integration requires some *methodical* considerations. Many parameters for British European policy have changed over the last decade. After the collapse of the Eastern Bloc, the completion of the Single Market and the dawn of the European Monetary Union (EMU) the current agenda of European integration is different from the one Margaret Thatcher and John Major had to deal with. From the British point of view, however, some issues remain constant factors in the discussion. The loss of national sovereignty, the reform of EU institutions and policies as well as the meaning of subsidiarity are key elements in that respect (Henderson 1998). In order to identify differences and common ground in the Conservatives' and Labour's approaches towards the European Union it is necessary to deal with the successive governments' official rhetoric, their strategies in supranational bodies and the interaction between the European and the British 'layer' of politics (Winn 1998). By proceeding in that way, continuities and slight alterations as well as substantial course corrections in British European policy since the change of government in the spring of 1997 can become visible.

1. Preserving British interests at high costs: The 'rebellious approach' of Margaret Thatcher

When the Conservative Party won the general election in 1979 on a pro-European platform⁵, key political actors in other EC member states were hopeful that the uncommitted and even hostile attitude of the former Labour government towards European integration (Young 1993: 130-135) might change considerably. However, traditional areas of conflict between Britain and other member countries or supranational institutions such as the reform of CAP or a substantial budgetary rebate for Britain remained extremely important for Britain's relationship with its European partners.

It soon became clear that fundamental ideas - *leitbilder* (Schneider 1992) - of the Thatcher government concerning issues of European integration differed considerably from the concepts favoured by other member states and the European Commission: At the end of the 1970s, the Community was facing symptoms of a serious crisis. Economic stagnation, unsatisfactory efficiency of supranational institutions, a lack of innovative concepts for progress of the 'European project' and the continuous debate on the democratic deficit were regarded as the main causes for what was labelled 'Euro-sclerosis'. Margaret Thatcher very much favoured the economic strengthening of the EC. The British government therefore welcomed the accession of Portugal, Spain and Greece to the Community in the 1980s as an important step towards a broader alliance in that respect. But the Prime Minister regarded the European Community mainly as a trading organisation without any or only very little competence in other areas. Especially in matters of foreign policy she emphasized on various occasions the importance of the 'special relationship' with the United States. Other member countries and the European Commission, however, were of the opinion that deepening and widening the Community were closely interlinked and should be treated as two sides of the same coin. The transfer of power to the supranational policy level was from their point of view an inevitable process.⁶

Apart from very clear conceptual differences, representatives of other member states were sometimes irritated by Margaret Thatcher's negotiating style in the European arena. Used to the confrontational approach in British politics, the behaviour of the 'iron lady' was often interpreted as inadequate and unnecessarily polarizing. Nevertheless, the Prime Minister was convinced she had chosen the right strategy when a solution to the problem of the British contributions to the EC budget was found during the Fontainebleau Summit in 1984. Despite considerable resistance - mainly from France and Germany - a refund mechanism was agreed upon which led to considerable reductions in Britain's financial transfers to Brus-

⁵ In the political context of that time 'pro-European' meant ruling out the possibility of leaving the Community.

⁶ For the theoretical background see Haas 1958, Lindberg / Scheingold 1971 and Giering 1997.

sels. The Conservative government regarded the outcome as one of its greatest successes in the initial phase of its presence on the supranational stage. From Margaret Thatcher's point of view, the result showed the electorate at home that the government was looking after Britain's interests in Europe. She was convinced that the result symbolized Britain's growing bargaining power in the Community.

At the same time, the government gradually replaced the question 'Inside or outside of Europe?' with the issue 'What kind of Europe and what role for Britain?'. In terms of national party competition that change functioned as a clear alternative to the position of the Labour Party which at that time was dominated by a strong anti-European wing (Weinmann 1999). In the long term, the Conservatives' commitment to a critical involvement in the Community led to a more differentiated perception of the European integration process by the political elite in Britain. However, this development has to be regarded as a side-effect. Margaret Thatcher's foremost aim was to maximize Britain's influence on the supranational stage and to preserve national sovereignty at the same time.

Therefore the delegations of many member states were surprised when the Prime Minister took a positive stance towards the Single European Act (SEA). It came into force in 1987. Although Qualified Majority Voting (QMV) in the Council of Ministers was extended, Margaret Thatcher interpreted the treaty as a tool to disseminate her neoliberal ideas to other countries of the European Community. She regarded deregulation and market liberalisation as instruments to make Europe, as a Single Market, more competitive in the world.

Critics claimed that Margaret Thatcher underestimated the potential of the Single European Act for deepening integration and that her messianic neoliberalism led to a biased economic perception of the treaty. On the one hand, this seems to be the case as far as the development of supranational institutions and the preparations for the European Monetary Union are concerned. The scope of activity for the European Commission was extended for example into fields such as research and development (R&D), regional policy, and environmental issues. Apart from that, the European Parliament gained more power (Young 1993: 153).

On the other hand, the Prime Minister was in some respect well aware of the dangers the SEA implied for her idea of European integration. One example was the 'social dimension' of the Single Market project. From Thatcher's point of view, the approach favoured by the then President of the European Commission, Jacques Delors, not only caused a further loss of national sovereignty, but was also an offence against her neoliberal view of Britain's and Europe's road to economic recovery. The Prime Minister regarded labour market flexibility as a core element for reducing costs and adapting the workforce to the needs of the employers and the market. As Duncan Matthews has shown, the second Thatcher government (1983-1987) used its presidency in the Council of Ministers in 1986 to change the 'logic' of supranational social policy in that direction (Matthews 1987).

The different attitudes towards social aspects of the Single Market can be impressively illustrated by the speech Jacques Delors held at the TUC Congress in 1988 (European Commission 1988) and the Bruges speech the Prime Minister delivered only a few weeks later. She described European social policy as 'socialism through the back door' and told the audience that she was committed not to let this happen in Britain (Thatcher 1993).

Another example for Thatcher's sensitivity towards what she regarded as an 'European super-state' and unfavourable conditions for a 'deregulated Europe' was her reluctance towards the Exchange Rate Mechanism (ERM). For her the integration of the pound into a system of interdependent currencies meant a hurdle on Britain's way to economic growth and monetary self-determination. Furthermore, she - rightly - interpreted the ERM to be an important step for linking European Monetary Union with the project of a European Political Union. For the Prime Minister this meant too much of a loss of national identity and a great danger for her efforts to reduce Britain's inflation rate which was her most important policy aim in the economic field.

At the end of the 1980s, issues of European monetary integration became a major point of conflict in the Thatcher cabinet. Although the Chancellor, Nigel Lawson, agreed that a 'European super-state' had to be hindered, he was of the opinion that the accession of Britain to the ERM was beneficial for her influence in Europe and for controlling inflation. The fact that the Foreign Secretary, Geoffrey Howe, supported his colleague, increased tensions between senior politicians and the Prime Minister. In the course of events, Howe was dismissed as Foreign Secretary in the summer of 1989 and took over the less influential post of the Conservative Party leader in the House of Commons. He was succeeded by Douglas Hurd. Nigel Lawson resigned from his post in October 1989, and was replaced by John Major. The new Chancellor and the new Foreign Secretary as well as British industry and the public built up enormous pressure upon Margaret Thatcher to make the pound a part of the ERM. The Prime Minister eventually gave way and Britain joined the Exchange Rate Mechanism on 2 October, 1990 (Lawson 1993: 917-971; Thatcher 1993: 953-992).

Nevertheless, from Margaret Thatcher's point of view, the timetable for a single currency was by no means realistic. That opinion and the controversies on the integration of the pound into the ERM not only weakened her position on the supra-national stage. These developments also contributed to her resignation in November 1990. Misjudgements concerning the breathtaking developments in the former Eastern Bloc and German unification as well as the permanent loss of party support as a consequence of controversial decisions in domestic policy - such as the introduction of the poll tax - forced her to step down.

In sum, Margaret Thatcher's approach to European integration was dominated by a mixture of ideological messianism (neoliberalism), the traditional British approach to European politics (i.e. the preservation of national sovereignty) and

pragmatic as well as tactical considerations in order to use developments on the supranational level for domestic purposes (Single Market). Furthermore, one should not neglect the negative and long-lasting effect her negotiating style had on Britain's partners in the Community. Although Britain remained a country with one of the highest implementation rates as far as supranational law is concerned, the Prime Minister's sometimes aggressive and uncompromising style isolated Britain on the European stage to a considerable extent (Kavanagh 1996: 86-87). It was exactly that 'odd-one-out-image' which Thatcher's successor, John Major, intended to make a thing of the past. He wanted to take the country to the 'heart of the Union' (Foreign and Commonwealth Office 1995: 2).

2. Conciliatory style but no change in substance: John Major's balancing act between domestic and European politics

Soon after John Major was elected Prime Minister in November 1990 (Cowley & Garry 1998), he toured various European capitals to improve Britain's relationship with her most important partners in the EC. During his visit to Bonn in March 1991, he announced that Britain would take a more positive approach towards European integration than in the past and that London's cooperation with France and Germany would be guided by goodwill and openmindedness (George 1996: 49).

However, the preparations for the Maastricht Treaty showed that the principles of British conservative policy towards Europe remained largely unchanged. This fact became especially evident in three points:

- a) The Prime Minister made it clear that he was against a 'federal union' as the final goal of the European integration process. From his point of view a *federalisation of the European Union* meant a substantial loss of national sovereignty and an increase in heteronomy from Brussels. As a consequence the Maastricht Treaty envisages an 'ever closer union' for the benefit of all member states. Furthermore, in order to restrict the areas of authority of supranational institutions, the British delegation emphasized the importance of subsidiarity in European policy making: Problem solving should take place in the lowest possible arena and political actors on superior levels should only get involved as *ultima ratio*.
- b) A second very important point was Britain's 'opt-out' from the *Social Protocol* of the Maastricht Treaty. Additional regulations in the social field were not acceptable to the British government. From its point of view, measures of that kind still meant additional costs for employers which they were not able to bear (Foreign and Commonwealth Office 1995: 37). Furthermore, the Prime Minister argued, a legally binding catalogue of social rights would discriminate against weaker economies in Europe which were not able to fulfil the demands without raising their production costs. As a consequence the

gaps between the different economies could widen although cohesion was one of the most important aims of European integration. So the neoliberal philosophy that was the guideline for Margaret Thatcher's policy towards Europe remained enormously influential under John Major.

- c) The second 'opt-out' of Britain from the Maastricht Treaty was the refusal to take part in stage III of the *European Monetary Union*. The Prime Minister held the view that the convergence criteria which had to be met in order to take part in EMU were a good means for the national economies of the member states to enforce their fiscal and budgetary discipline. The retreat of the state in order to reduce its role as an economic actor also corresponded with Major's neoliberal principles. But the Prime Minister stated that Britain was not ready for joining. The promising development of the British economy should not be hampered by external decisions which might have negative effects on the business and industry sectors of the country. For that reason Britain had already left ERM on 16 September, 1992 (Buxton & Lintner 1998).

The fact that the final text of the Maastricht Treaty accommodated the core demands of the British delegation led John Major to claim 'game, set and match for Britain'. Indeed, the outcome shows that the new Prime Minister entered the negotiations well-prepared and that he was not ready to give up positions which he regarded as important elements of British identity, of government philosophy and as essential for preserving the unity of the Conservative Party (George & Sowemimo 1996: 256). Nevertheless, the ratification process for the Maastricht Treaty caused considerable problems for John Major. He was under extreme pressure from the anti-European wing of his party and had to face an opposition which was determined to benefit from the splits in the Conservative camp. Only after the Prime Minister asked for a vote of confidence in the course of the debate on the Social Protocol of the Treaty did his position seem *temporarily* unthreatened (Berrington & Hague 1998).

On the supranational policy level, John Major's position was also weakened. The result of the election to the European Parliament (EP) in 1994 was the worst for the Conservatives since the voting system for the EP was changed in 1979. Domestic policy issues played a key role for the outcome and signalled that the Prime Minister was generally losing support. Britain's partners in the Union had to become aware of the fact that John Major's policy towards Europe was increasingly determined by party tactics and considerations of domestic politics.

These factors became extremely important in the context of the BSE crisis, a 'policy disaster' (Grant 1997: 342) which reached its peak in 1996. The controversies led to severe irritations in Britain's relationship with the other EU member states and the European Commission. A hodgepodge of accusations and defences led to numerous - mostly unsuccessful - attempts to solve the problems caused by the export of BSE-infected British beef. The Major government repeatedly hinted at the lack of scientific evidence that BSE was *under all circumstances* dangerous

for human life and demanded that the export ban on beef and other products containing beef originating from British farms should be lifted. The Prime Minister drew the public's attention to what he regarded as Brussel's incompetence to react to early warnings. From his point of view, the reaction showed that the supranational 'administrative jungle' was not in the position to work effectively. John Major regarded the behaviour of the European Commission and the ministers for agriculture from the other EU member states as disgraceful and saw his country as the victim of a conspiracy on the supranational stage. The uncompromising position of the British government - it blocked important decisions in the Council of Ministers until the export of British beef would be allowed again - led to a polarization within the European public. The 'beef war' could only be settled during the Florence Summit in 1996, when the European Commission promised an investigation of the whole affair and the British government agreed to follow some of the injunctions by EU institutions.

Although the conservative government's image on the supranational policy level suffered considerably from the BSE crisis, John Major nevertheless tried to focus on other important aspects of European integration during his final phase in power. In preparation for the Amsterdam Summit, the British government clearly favoured the *enlargement* of the Union. In this respect the Prime Minister was supported by his European colleagues. Furthermore, John Major welcomed a *reform of the structural funds*, which was regarded as an important step towards the *financial consolidation* of the Union. Beyond that, especially 'Agenda 2000', with its emphasis on the overhaul of CAP, was something that the British Government was amenable to as a point for further debate.

Despite common ground, John Major and representatives of his government made it clear that there still were some areas which should exclusively be reserved to policy-making on the national level. For example, most issues of 'law and order' and matters of international affairs were affected by that attitude. And from the British point of view mainly NATO and not the European Union should continue to take care of common security issues (Foreign and Commonwealth Office 1997). The Major government was of the opinion that the experience in former Yugoslavia had shown that the EU was still far from commonly-agreed and closely-coordinated concepts for peace-creating and peace-keeping missions in European trouble-spots.

In sum, the involvement of the Conservative governments under John Major in supranational affairs was largely influenced by the dynamics of the European integration process - which gained considerable momentum at the beginning of the 1990s - and the attempt to pursue Britain's interests in the Union without losing too much national independence. For the Prime Minister, steps towards further integration often meant a balancing act between cooperation on the supranational level and coping with the potential for protest at home. The 'flexible approach' was - from John Major's point of view - supposed to stabilize his power base. A

tolerable equilibrium between supranational engagement and a strong position in domestic politics seemed more achievable by proceeding in that way. So from the perspective of the other EU member states, Britain remained an 'awkward partner' in the European Union during John Major's terms in office. Consequently, on the eve of the British general election in May, 1997, many of their representatives in Strasbourg and Brussels held the view that there were only small chances for coping with the challenges ahead for the European Union should the British Conservatives again win the election. There also was a feeling on the continent that the time was ripe for a change in Britain. Expectations were high and it was hoped that a Labour government would draw the right conclusions from 18 years of British European policy under Conservative Prime Ministers.

3. On the Way to Co-Leadership? New Labour's European Policy

When the Labour Party won the last general election, it did so after a pro-European election campaign. A very prominent statement by Tony Blair was his promise to sign the Social Protocol and the European Convention on Human Rights shortly after having moved to Downing Street No. 10. On EMU, however, Labour remained undecided. A decision on the accession to the European Monetary Union was announced for the second term in 2002 (or later) after a referendum on the issue. By proceeding in that way, the party leadership tried to avoid the kind of conflicts which split Labour at the beginning of the 1980s: The leaders of the pro-European wing founded the Social Democratic Party (SDP) in 1981 in order to escape the dominance of the anti-European faction in the Labour Party (Daniels 1998: 80). Furthermore, during the election campaign Tony Blair had to face accusations by the Conservatives of neglecting British interests in Europe by sympathizing with the idea of a British EMU membership. So, apart from economic reservations, a clear commitment to EMU could have weakened Labour's position in a sensitive phase shortly before the British people decided on a new government.

Once in power, senior politicians of the Labour government confirmed that the relationship between Britain and the EU was going to be developed on a new basis. The Minister of State for Foreign and Commonwealth Affairs at that time, Doug Henderson, stressed:

We see Europe as our natural home. We know that our future lies in Europe (...) We are determined to play a leading role in the European Union, and we want to help shape its future (Henderson 1998: 4)⁷.

⁷ Doug Henderson was succeeded by Joyce Quin on 28 July, 1998 (*Financial Times* 29/02/1998: 10).

In the EU the more open-minded approach towards European integration was warmly welcomed. But the election victory also meant a great challenge for the new Labour government. The Intergovernmental Conference (IGC) on the further development of the Union entered its final phase in the middle of 1997, and the Amsterdam Treaty was signed the same year. Furthermore, Britain chaired the Council of Ministers in the first half of 1998. On the one hand, the course of European integration offered the Blair government a lot of opportunities to prove that it was determined to play a leading role in Europe. On the other hand, expectations created by New Labour were high in other member states and the time to get used to the supranational style of policy-making was extremely limited for Tony Blair and his team. As a consequence, the key question during the first phase of British European policy under the new government was: Is Labour in a position to deliver?

On the supranational stage, Tony Blair's record at the Amsterdam summit was publicly perceived as a successful overture. The telegenic Prime Minister took advantage of the opportunities to explain his government's approach towards European integration and claimed a vital role for Britain in Europe together with France and Germany. His agenda for the presidency of the Council of Ministers focused on four areas (Foreign and Commonwealth Office 1998):

- a) *(Un)employment*: The Luxemburg Summit on 20-21 November, 1997, functioned as the basis for an action program which was characterized by more labour market flexibility and the aim of 'employability'. During the Cardiff Summit in the middle of June 1998, Tony Blair took advantage of the opportunity to highlight British initiatives (Dohse & Krieger-Boden 1998: 201) and welcomed measures of a similar kind prepared by the European Commission (Taylor 1998: 301-302).
- b) *Enlargement*: Accession talks were initiated with the candidates from Eastern Europe and with Cyprus. The British government particularly emphasized the necessity of linking enlargement of the Union to the need for reforming CAP as intended in 'Agenda 2000'. From Tony Blair's point of view, a fundamental reorientation both of the structural funds and the financial framework of the Union were a 'conditio sine qua non' for a successful development of the Union.
- c) *International politics*: The Labour government put strong emphasis on the Union's relations with Asia and the Lomé countries. Furthermore, it tried to promote initiatives for a peaceful settlement in Bosnia and supported steps for progress in the Middle East peace process. Beyond that the British concept focused on a total ban on anti-personnel landmines and drew the member states' attention to the need for a code of conduct on arms exports.
- d) *Stage III of EMU*: That part of the agenda was described as one of the most important decisions during the British presidency (cf. Foreign and Com-

monwealth Office 1998: 1). Labour's attitude on the issue had not changed since its election campaign. The Blair government assured the other EU countries that it was convinced that monetary union was a milestone in European integration all members would benefit from. The Prime Minister emphasized on various occasions that - given the preconditions for accession - Britain would also be ready to join (*Financial Times* 02/07/1998: 10).

In sum, all initiatives which began or continued during the first half of 1998 were supposed to contribute to "a people's Europe" as one of the final goals of European integration (Mandelson 1998: 8).

But in the course of events it became evident that the new British government had difficulties in meeting the expectations of other EU member states and in reaching its ambitious aims announced at the beginning of its presidency. For example, Britain emphasized the need to tackle unemployment, but rejected proposals which aimed at supranational responsibilities with regard to tax raising powers and national social security systems. Concepts envisaging an important role for Brussels in those areas were regarded as dysfunctional.

Beyond that, the role of Cyprus in the accession talks turned out to be a major source of conflict between the European Union and Turkey, which protested against the involvement of the Greek part of the island in the negotiations and boycotted invitations to attend the meetings in Brussels as a country with observer status. In the course of the conflict, Prime Minister Mesut Yilmaz accused Germany of preventing Turkey's EU membership under all circumstances and compared Chancellor Kohl's European policy with Hitler's *Lebensraum*-ideology. Although Britain tried to function as a mediator, its attempts to calm things down met only with limited success (*Financial Times* 06/03/1998: 1).

A lack of coordination became visible in the British initiatives to promote the peace process in the Middle East. During his unsuccessful trip to the region in March, 1998, Foreign Secretary Robin Cook claimed an important role for the European Union in resolving the conflict between Israel and the Palestinians. A few weeks later, during his visit to the Middle East, Tony Blair stated that the United States should continue to function as the key mediator in the area (*Financial Times* 17/04/1998: 4).⁸ That statement shows that the 'special relationship' between the United States and Britain still is a decisive factor in British diplomacy. During its EU presidency, the Blair government tried to use its 'transatlantic link' and Commonwealth connections to establish a higher profile of the European Union in international politics. Despite these attempts, however, Britain's

⁸ Britain spends more than 25 million pounds per annum on bilateral and multilateral help to the Palestinians. The country's contribution therefore comprises a 17 per cent share of the cost of the EU's assistance to the West Bank and Gaza and of the Union's financial support of the 'United Nations Relief and Works Agency' (UNRWA) which provides services to Palestinian refugees (Foreign and Commonwealth Office 1998a). See also Edmunds 1998.

fundamental framework for the perception of world politics has remained unchanged.

With respect to the implementation of stage III of EMU, the Labour government had to face a paradoxical situation. After quite a long phase of insecurity, the Chancellor of the Exchequer, Gordon Brown, announced in October 1997, that his country would not become a member of EMU at the earliest possible date. When Britain chaired the Council of Ministers the country had to supervise the realisation of one of the most important steps towards European integration without being a member of the vanguard. It remains to be seen whether this reluctance in the monetary field will in the long term, cause negative effects for Tony Blair's aim to make Britain a key actor in the EU. The controversy over the choice of the first president of the European Central Bank showed that the Prime Minister was not influential enough to resolve the conflict of interest between France and Germany. According to the Prime Minister's own words, the whole affair ended in 'a mess' (*The Economist* 13/06/1998: 46).

Is Britain on its way from isolation to co-leadership in the European Union? There seem to be numerous signs indicating that this might be the case. During its presidency, the country tried to follow a policy which was determined by goodwill and which attempted to deal with the complex issues of European integration in a consensus-oriented manner. The conciliatory style clearly showed the other member states that a change in attitude had taken place. The Labour government can claim that two important steps towards European integration - the implementation of stage III of EMU and the inauguration of accession talks with East European countries and Cyprus - were taken during the British EU presidency of 1998.

However, some of Tony Blair's recent decisions indicate that the British presidency in the Council of Ministers has triggered important learning processes in the Labour government. The replacement of Doug Henderson by Joyce Quin as Minister of State for Foreign and Commonwealth Affairs at the end of July 1998, shows that there seems to be room for improvement in British European policy. Beyond that, the Prime Minister has become aware of the fact that Britain's way to co-leadership in Europe could take more time than he initially expected. While fulfilling his tasks in the "driver's seat of European integration", Tony Blair saw himself confronted with increasing distrust. In order to tackle the long-term effects of Britain's traditional reluctance towards Europe, he therefore commissioned a "stocktaking report" on the country's position in the Union. Blair also plans to establish closer links with the political leadership of various EU countries such as France, Germany, Spain, Italy and Poland on a bi- and multilateral basis. But government officials estimate that it could take more than ten years to bridge the gap between Britain's aim to be a co-leader in the European Union and the country's present position (*Financial Times* 02/07/1998: 10). So Labour's "short-term-de-jure-leadership" in the EU - its presidency in the Council of Ministers - doesn't

seem to be the end of a long journey to Europe. It rather appears to symbolize its *continuation* on a changed basis.

4. Conclusion: A turning point?

Does New Labour's attitude towards the EU mean a turning point in British European policy? As we have seen, there are signs of change and there are signs of continuity.

In some fields such as regional and industrial policy, the new government has agreed to expand Qualified Majority Voting in the Council of Ministers. This has also been the case as far as environmental matters are concerned (Barrett & Tindale 1997). The conciliatory negotiating style of the Blair government and the signing of the Social Protocol have both contributed to a more benevolent perception of British European policy on the supranational stage.

The reform of CAP, a new budget structure and the enlargement of the Union, however, have always been *traditional* demands of British governments - whether Labour or Conservative. Furthermore, the responsibilities of supranational institutions for fighting crime should - from Tony Blair's point of view - be as limited as possible. An intergovernmental approach is also favoured as the basis for a Common Foreign and Security Policy of the Union. On these issues, the new Labour government follows long-term patterns of British European policy. In the same way, the former Minister of State without portfolio and present Secretary of State for Trade and Industry, Peter Mandelson, has emphasized on several occasions that subsidiarity should be regarded as one of the essential guidelines for European integration (Mandelson 1998a). John Major also took that view during his terms in office.

Britain's reluctance to join EMU is perhaps the clearest sign that continuities outweigh the indicators for change. The alliance between the German Stock Exchange in Frankfurt am Main and the London Stock Exchange at the beginning of July 1998 (*Financial Times* 08/07/1998: 1, 20) may help to cope with some of the negative effects for British business and industry caused by the country's 'opt-out'. But Labour has to keep in mind that the possibility to join the "EMU-club" depends on a minimum of two years' membership of the country in the ERM (*Financial Times* 25/03/1998: 1). The government's schedule for joining the European Monetary Union after a referendum does not seem to pay enough attention to that important precondition. Provided that no exception to the rule will be made, Britain may not be able to become a member of EMU before the second half of the next decade.

Issues of European integration will continue to influence British politics to a considerable extent. The discussion on European Monetary Union will intensify in the run-up to the election of the European Parliament in June 1999. As in the past, it is

very likely that aspects of *domestic* politics will also be prominent on the agenda. This is why the election will become the first serious test for Tony Blair's government. In terms of national party competition, it is not quite clear whether the Conservative Party will be able to overcome its identity crisis in the near future and provide a real challenge to the Labour Party's present political dominance. But due to the introduction of a proportional voting system for the election of MEPs in Britain, the Conservatives will - at the expense of Labour - get more seats in the EP than they used to. Their number might increase from 18 to 30 whereas the Labour Party may have to face a reduction from 60 to approximately 35 (*Financial Times* 24/02/1998: 9; *New Statesman and Society* 06/03/1998: 18-20).

Beyond that, it is likely that Labour's electoral result will not only be influenced by procedural changes. The contradictions in the government's EU strategy may have serious consequences. This might especially be true with regard to Labour's attitude towards supranational structural policy: On the one hand, the Prime Minister supports the establishment of new rules for financial assistance. On the other hand, Tony Blair has to be aware of the fact that such new rules might lead to Britain losing millions of pounds of support from Brussels, since many British regions will no longer qualify for that kind of help from 1999 onwards (*The Economist* 21/03/1998: 37-38). Labour's position is likely to suffer from that dilemma. It remains to be seen whether the government will be able to compensate for the potential financial and political losses.

The circumstances described show that the process of European integration is closely interwoven with domestic politics in Britain (Armstrong & Bulmer 1996). Like its Conservative predecessors, the Labour government therefore has to balance the preservation of national interests in Europe with the stabilization of its position at home. In order to meet these challenges, the party is trying to adapt its European strategy to the needs of day-to-day politics in the supranational and domestic arena. From a long-term perspective on European integration, however, the essential British approaches towards Europe have hardly changed. There seems to be no turning point in the sense of a fundamental reorientation. Continuity and partial readjustments dominate.

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