

Great Britain refused to save the Eurozone

What are the main reasons?

Martin Dubeň

martin.duben@vsm-student.sk

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Anne Whitaker

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“I’ve often asked myself the question why would a successful country, that’s enjoyed a thousand years of independence, give up its right of self-government to the unelected nonentities that we see sitting before us this morning.”

Nigel Farage, Member of the European Parliament and the leader of the UK Independence Party (NicosMind, 2011)

As a response to deepening financial crisis and the seemingly endless fall of the Eurozone, political leaders of the European Union have been trying to raise €200 billion in order to save the common currency, prevent countries from economic collapse, and finally calm down markets. The treaty was agreed by 26 countries of the Union, leaving the final decision in the hands of Great Britain. Surprisingly for some, expectably for others, after 10 hours of negotiating in Brussels, David Cameron has refused to support this new treaty and left Eurozone to take care of itself. It is important to mention that Great Britain is not the only country of the Union that was seriously thinking about not participating in one of the biggest ‘bail-out missions’ of the European history. There is also Sweden, Czech Republic and Hungary voicing concerns. However, Great Britain has been the only country that refused to sign the treaty. The main reasons that influenced this decision were David Cameron’s beliefs, British public opinion, political environment in Britain, and the political situation in the European Union.

From the individual point of view, the main individual responsible for the decision is the British Prime Minister, David Cameron. In traditional decision making process the information are usually processed by many bureaucrats until they finally get to the main decision maker and so there is higher chance that a misperception could happen. In this case however, David Cameron has made many personal meetings with the leaders of the European Union together with his advisor, and so there is a very low chance of misperception. In

addition to that, it is also very improbable that David Cameron's decision to refuse to save the Euro by this treaty would be influenced by affective bias. Affective bias is usually present on a lower - national level of politics, where politicians cooperate with each other more often, not only few times a year as in the case of the European Union. Therefore the possibility of David Cameron being biased against one of the political leaders of the Union or against the Union as an organization is very improbable. Secondly, David Cameron has never presented any idea of disliking European Union or any intention of leaving it. Even if his personal opinion would be different, he is a politician working in one of the highest levels of politics where he himself and most of his colleagues are professionals that would not let their decisions influence by affective bias.

On the other hand, David Cameron could have been influenced by cognitive biases, which sometimes make irrational decisions. In this case it is very probable that David Cameron and his political advisors are of an opinion that not their decision, but the decision made by the political leaders of the European Union is lacking clear plan, strong vision, and most of all rationality. The leaders of the Union, especially Angela Merkel and Nicolas Sarkozy, are pushing through most treaties and legislations in order to save the Euro project, what may seem for an outside observer, what Britain not belonging to the Eurozone certainly is, as an illogical and chaotic effort to save something that may be already lost.

“The argument always is that we must maintain the status quo because if we don't the sky will fall in and there will be disaster.” Nigel Farage (Russia Today, 2011)

Nigel Farage together with David Cameron and most of the other British politicians are of an opinion that what European Union is doing in order to save Euro has nothing to do with rational thinking anymore. Such behavior is called justification of an effort and in case of the Union results in efforts to save the Euro no matter what it may cost. Political leaders may seem, from British perspective, not aware of the fact that the potential costs of saving the

common currency may be far greater than the potential benefits of keeping it. Such an opinion, which is also shared by British voters, may have definitely influenced his decision.

Those voters create public opinion that is on a national level very closely interconnected with the decision making of the Prime Minister, no matter what party he represents. Great Britain is well-known for its skeptic view of many of the Union's decisions, including the 'Euro project'. Term Euroskepticism was actually created by British media in 1980s, during the time British public skepticism about European Union started. It is believed that much of this skepticism is made of so called 'island-mentality' that gives Brits the special wish for independence and sovereignty (Spiering, 2007). But as Dr. Spiering continues, based on historical events Brits are aware of the fact that to remain independent and isolated is unsustainable and can do more harm than good. Therefore they try to cooperate with Europe and for that reason have also become a member of the Union, but are still unwilling to lose more of its independence and sovereignty than needed. Public opinion and mentality puts Brits between two ideologies- one asks for more cooperation, to take part in European affairs; other one is to keep enough distance from the Union's center, and to maintain independence. David Cameron had to take this mentality into consideration when making the decision. On one hand, participation in the treaty would give Britain more power in intra-union affairs and decisions making; on the other hand signing the treaty would automatically mean to give the Union permission to control some aspects of its national budget (mainly the deficit level), what in other words means loss of sovereignty regarding economic decisions (Mason & Ross, 2011).

The skepticism about Euro is not any better. According to BBC Radio 4 survey done in 2009, 71% of people were against joining the Eurozone and taking Euro as their currency (Wintour, 2009). Even though there was no survey or referendum done in the question if Britain should contribute and try to save the Euro, the negative public opinion speaks for itself

and may have had large influence on David Cameron's decision not to support the budget pact. In addition to that, David Cameron has to take into consideration not only public opinion but also political environment in Great Britain, that means not only the opinion of his political party.

The Labour Party, represented by 13 Members in the European Parliament (MEP), is one of the four most powerful political parties in Britain. It held power from the very beginning of the Euro projects (1997-2010), but during this time never tried to join the Eurozone. David Cameron's party, the Conservatives, is the most powerful party not only in Great Britain but also in the European Parliament where it is represented by 25 MEPs. It strictly opposes further EU integration, Lisbon Treaty (2007), and also principally opposes to join the Euro. The UK Independence Party, represented by 11 MEPs not only opposes any further integration of the Union, but also asks for a complete withdrawal from the EU and wants to take part only in EFTA. The Liberal Democrats represented by 12 MEPs, has always been the most 'Pro-EU' party and helped to support for example the Lisbon Treaty. Their arguments are that EU is very useful when dealing with global issues, but even they, the most pro-EU party, believe that EU should not act in areas where national action would be more effective. To sum it up, the political environment in Great Britain, consisting of four most powerful political parties, is obviously against further integration of European Union (Civitas, 2011). By refusing to contribute to the Euro saving budget, David Cameron has not only followed the opinions of his political party but also the beliefs of most of the domestic political parties.

Even though it seems that the further political integration, which most parties in Britain are against, has nothing to do with the efforts to save Euro, for Brits there may be a significant connection. On press conference in Brussels made right after 10 hours of negotiations about the new EU treaty, David Cameron said, "What's on offer isn't in Britain's

interest, so I didn't agree to it (EUXTV, 2011).” The fact is that by agreeing to this deal Britain would also indirectly agree on the transfer of some minor decision making responsibilities to the Union's authorities. These decisions include for example control over budget deficit which, if it would exceed certain amount, can be punished by European Union officials. Such minor decisions may not look important at all. In fact, after looking at the case of Greece or Portugal most of the other states do not see any problem with this and some even applaud this new mechanism. However, from Britain's point of view it is a loss of sovereignty, even though a very small- insignificant loss, it is an intervention to the British sovereignty that the Brits feel worried about.

In addition to that, Great Britain is probably threatened by what is going in Europe, and not only from the economic point of view. European Union finds itself standing in front of a decision whether to centralize and cooperate more, or whether to disintegrate a bit and return back some of the sovereignty to the member states. Either way the Union will decide to go, it is clear that it will not look the same anymore, and Britain is aware of that. Actually, Great Britain welcomes the idea that EU needs to be reorganized. But as it was already mentioned above, most of its political parties are seeking rather more independence than further integration processes. However, it seems that European Union has decided to solve its mainly economic problems by further integration. Therefore, by the decision not to support the budget treaty, Great Britain has not only refused to pay €25 billion, but has also expressed its opinion that is clearly against further integration. By this decision Great Britain has not only disagreed with the proposed economic solution but also with the political heading of the European Union that is against their national beliefs.

Finally, by making this decision David Cameron has set the course of British foreign politics in terms of European Union for the upcoming months, if not years. He has basically put Britain into a position of the rebel because it is the only country that has vetoed a treaty

considered by political leaders of the Union as crucially important. By making this decision Britain can actually lose more than if it would have probably lost in its already mentioned sovereignty. It has become 'black sheep' of the Union because in any upcoming negotiation none of the political leaders, including Angela Merkel and Nicolas Sarkozy, will trust Britain as they used to. Moreover, if Britain would seek help and support for anything in the European Parliament, Commission, or anywhere in the Union, it cannot rely on the help of the others countries as it used to. Britain has simply put itself out of the 'mainstream' of the Union and will have to face political and maybe even economic consequences. As an experienced politician, David Cameron must have known what his decision may lead to, but despite this fact he decided to refuse to support the budget treaty. Therefore it can be deducted that despite the risk of being pulled out from one of the Union's main decision maker, the sovereignty and the political heading of the Union seemed as a bigger threat for Britain.

There is however, another possibility. Possibility that Britain may have decided to refuse the treaty intentionally, in order to pull itself out of the Union deliberately, and is maybe waiting what the new heading of the Union will be. Great Britain maybe believes that it is never too late to go back and sit at the same table if the political heading of the Union will again correspond with the political beliefs of Britain. But before that happens, it is much more comfortable to stand aside as an observer.

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