

BRITAIN AT A CROSSROADS: OLD WORLD OR NEW?

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BRITAIN IN EUROPE: TIME OF TRUTH

Situated on an island which Providence placed near the European continent, Britain has always been a singular nation. Not quite European, her citizens can see the Continent from the cliffs of Dover – on a clear day. After WWII British Commonwealth ties faded and in 1972 Britain became a reluctant member of an ascendant European Community. UK membership in the EC had the feel of duty, not enthusiasm. Like a trip to the dentist, the alternatives seem unattractive, but one would have rather not have had to go.

The EC was at its core a customs union in 1972 and membership largely demanded a commitment to freer internal EC trade. This squared with Tory ideology, even as British Labor dissented. As an EC member UK monetary and fiscal policy remained “Made In England”, and the venerable British Constitution remained securely sovereign.

But Euro-enthusiasts on the Continent, led by EC President Jacques Delors, had a vision of a “European Union”. Their plans for a united Europe came into full view with the signing of the Maastricht Treaty in 1991. It was a blueprint for European “political and monetary union”. It established a Social Charter and set the stage for the launching of a “single European currency” – the Euro – by the end of the decade.

Since Maastricht, the Continent has been marching full steam towards a monetary and political union to match their economic union. And it is Maastricht where the rub began. John Major, reflecting the reality of Britain’s special place astride the Continent, opted out of Maastricht’s single currency, as well as its Social Charter. The British in effect put off a question that will simply not go away unanswered. Like a ball thrown high into the sky, the only uncertainty about “the Euro question” is just when it will come down. But come down it must – and it is now falling swiftly towards Prime Minister’s Blair reluctant mitt.

True to their Maastricht pledge, the EU gave birth to the Euro on January 1st of this year. And while its initial ride through the currency markets has been a bumpy one, with the involvement of 11 member nations it’s clearly a force of global financial significance.

The creation of the Euro has - in the terminology of a poker game – “called” the British to lay down their cards about their intentions towards Mistress Europe. With the courtship nearly over, Britain must decide in the next two years whether to slip on the Euro ring or choose a different path altogether.

This essay reviews some of the background of Britain as member of the Europe Union. We will also examine key economic arguments for and against adoption of the Euro. But at its heart this essay is about the *politics* of British membership in the largest sense of that word, as well as the future of this great nation as the world enters into a new economic age that will bring more change than ever known in

human history. This essay will suggest a radical recommendation, a brand-new course for Britain as she sails (and surfs) into the 21st Century.

A summary of this essay is as follows: Britain is a unique nation. It has special and historic ties to Europe – the Old World – as well as special and historic ties to America – the New World. Both of these worlds are now at a “strategic inflection point”. The cause of that inflection point is the rise of the Digital Age – a global force even more powerful than the monumental Machine Age that so transformed all aspects of human civilization beginning in the 18th Century. European governmental and commercial cultures will respond to the challenges and opportunities of the Digital Age in significantly different ways than will American culture. Britain, it is suggested here, will be more successful choosing the “Anglo-American” model over the “Franco-German” model as this new age arrives. While such a decision for Britain would be indeed radical, so are the changes that the coming Internet economy will visit upon all societies. Radical times require radical initiatives. Choosing an Anglo-American partnership will, it is argued, bring more success to Great Britain than a Continental partnership.

THE UK & THE EC: HISTORICAL BACKGROUND

After fighting two “World Wars” in the first half of the 20th Century alone, many in Europe had an understandable passion to find a European path to more cooperation and less confrontation. And the world demanded it. Across the Atlantic stood a tall America, untouched by the devastation of war, now producing *half* of the world’s GNP with only 6% of the world’s people. Europe needed a rubric of relationship that would avoid more war. She also needed a way to prosper even as she began to rebuild.

It was thought that if France and Germany could develop strong economic ties, war might become a less and less attractive alternative for each. (Since France-German commercial activity before each war was substantial, one might look to significant socio-political forces for other reasons why peace came to make more sense for Europe in the late 1940s – in addition to trade.)

In any event, the Schuman Plan of 1950 led to the creation of the European Coal and Steel Community Agreement. The nature of this agreement, firmly rooted in the Machine (Steel or Oil) Age, will become of significance when we come to recommendations for UK 21st Century choices.

In 1957 the Treaty of Rome was signed, formerly creating the European Community customs union. The initial six members were France, German, Italy, Belgium, Luxembourg, and the Netherlands. While the UK did not oppose the Treaty, neither did it seriously entertain signing on. After all, Britain was in the middle of sorting out a global empire and had centuries of tradition of going it alone- and fully in charge. Indeed, Britain was at the center of three relationships, as Churchill pointed out after the war: the British Empire, European power, and special ally of the United States. Why should she become a junior member of just one “club” when she had done so well for so long as the center of several orbits? And the British did not at this time appreciate how quickly large parts of the empire would dissipate – from India to Africa, to Australia and Canada. Sharp centripetal forces were set in motion by the war. There was not stopping them from flinging huge parts of the empire into their own orbits.

After the war Britain was more focused on military than commercial alliances. NATO – as Foreign Secretary Bevin remarked – was formed “to keep the Russians out, the Americans in and the Germans down.” Britain wanted to ensure NATO was firmly rooted for long-term success. And she had enough

Western investment and global commercial strength to rebuild – with the Marshall Plan lending a steady hand from America. It was not at all clear what could be gained by EC membership. Indeed, there was significant skepticism as to whether the EC would succeed in light of hundreds of years of Continental acrimony. Best to watch and wait...

Then came the Suez Crisis of 1956. The UK learned the hard way that its American ally could not be counted on to provide *unconditional* support of anything it did. In the meantime, UK-EC trade was growing – just as Commonwealth markets declined in relative importance. Europe accounted for perhaps 25% of UK trade in the 1950s. Today it is at least half. This trend was noted, as was the moderate success of the EC customs union.

Thus it was the Tories, led by Prime Minister Macmillan, that asked for EC membership in 1961. “Old” Labor at the time opposed this as a move to join a capitalist club. In 1963 De Gaulle vetoed the entry to keep out Anglo-American power and influence. (Old rivalries die hard, indeed.)

In 1967 it was Labor’s turn to ask for membership. Again, De Gaulle said no. In 1970 the Tory leader Edward Heath again applied as concerns over British competitiveness rose. By 1973 the EC had said yes, and UK voters confirmed membership in a 1975 referendum. Many British businesses and unions, fearing the cool winds of Continental competition, opposed the move.

BRITAIN: THE AWKWARD PARTNER

When the UK joined the EU, its chief opponent, Enoch Powell, left the Conservative Party. The Tories thought they could be the “party of Europe” as well as national party. By the 1990s it had serious second thoughts. But then the idea of “Europe” had changed as well – from a customs union to a political and monetary union.

Mrs. Thatcher Rocks the EC Boat

By the time Mrs. Thatcher rose to leadership there were substantial British complaints about Brussels red tape and the relative contribution the UK was making to the EC. Three fourths of EC funds went to the Common Agricultural Policy (CAP) and Britain had a relatively small farm sector. By 1979 Mrs. Thatcher was demanding that the EC “give us our money back”. After much turmoil, UK dues were cut in the 1984 Fontainebleau Settlement. During her time as Prime Minister Mrs. Thatcher continued to focus on reforming the CAP and reducing EC budgets and bureaucracies.

On the positive side, the UK stressed free trade initiatives inside Europe. Lord Cockfield’s 1985 report - “Completing the Internal Market” - was a British-led blueprint for removal of barriers to the trans-European flow of goods, services, people, and capital. This may have marked the highpoint of British support for “Europe”. And during the 1980s the EC did focus significant efforts on taking down barriers to internal trade. At this point the EC could truly be depicted as a customs union, and such a “free trade” approach was in harmony with the Tories now in power in London. Indeed, the seminal Single European Act was signed in 1987. British Conservatives called the Act a “charter for economic liberty” and saw it as the capstone European integration. But while it was meant to cut down even more internal trade barriers, too often Brussels bureaucrats used the Act as an excuse to replace commercial regulations of its member states with those of its own.

Sensing this, Mrs. Thatcher raised the flag of “national sovereignty, free trade and free enterprise”, and said that non-elected operatives in Brussels might threaten all three. In September of 1988 Mrs. Thatcher gave her now famous Bruges speech, announcing five guiding principles for the EU: 1) cooperation among *sovereign* states, 2) pragmatic, streamlined governmental policies, 3) the promotion of free enterprise, 4) the promotion of free trade and 5) the continued primacy of NATO. While her vision was of using the EU to open European markets and make it more flexible to change, her confrontational remarks seemed to many on the Continent as abrasive and anti-Europe. To be sure, those who wanted a more powerful central government headquartered in Brussels got her message - and rejected it.

Prime Minister Thatcher kept the UK out of the ERM until she left the Parliament. By 1990 Mrs. Thatcher was under attack from within her own party by MPs such as Mr. Howe and her management of the EC-UK relationship further added to the frustrations of back benchers and others. She was soon to hand over party leadership to John Major, who brought a gentler approach to the cross-channel relationship, if similar in principle.

In the meantime, officials in Brussels quietly worked on daily steps to advance political and monetary union. With Britain out of the ERM, France and Germany continued to lead the Continent to even fuller integration. In the late 1980s EU President Jacques Delors pressed his vision of a United States of Europe. He eventually won adoption – albeit with UK dissent – of a Social Charter and a commitment to a single currency within the Maastricht Treaty of 1991.

A Kinder & Gentler Mr. Major

John Major continued Mrs. Thatcher’s overall EU policy, but with less sharpness. While the Maastricht Treaty was being drafted amid UK-driven dissent, Prime Minister Major gave his “Heart of Europe” speech in Bonn: “I want us to be where we belong – at the very heart of Europe, working with our partners in building a future.” But once the Treaty was finalized, Major felt the need to keep the UK out of the Social Charter as well as the EMU. The British sense of what it meant to be at “the heart of Europe” was becoming quite different than the Continental view.

By 1992 the Tories were so divided over the question of European Union that John Major resigned as head of government, telling the Euro-skeptics in his party to “put up or shut up.” He ran against John Redwood for Tory leadership and was re-elected with 218 votes. The important fact here is that 109 MPs voted either with Redwood or to abstain. The party was far from united on the question of a united Europe.

As this pot continued to simmer, Mr. Major gave his “A Future That Works” speech (1994). Major spoke in support of a “multi-track, multi-speed, multi-layered” Europe. He said there was a “real danger in talk of a hard core, inner circles, outer circles, two-tier Europe... I recoil from the idea for a Union in which some would be more equal than others. There is not, and should never be, an exclusive hard core either of countries or of policies within the EU. Major’s “minimalist” concept was that all member states should be bound by *Single Market* rules, but that all else, e.g. the Social Charter should be left to each member’s states’ discretion. (He surely would not have liked the July 26, 1999 speech by EU

Commissioner for Monetary Affairs, Yves-Thibault de Silguy, which literally threatened the UK with becoming a second class member of the EU if it did not soon trade out Sterling for the Euro.)

His conciliatory recipe for EU flexibility was condemned on the Continent as “an a la carte Europe” that would never be acceptable. And while Mr. Major spoke of keeping Britain “at the very heart of Europe” he was forced to keep his country out of the Exchange Rate Mechanism (ERM) as Sterling weakened and markets demanded devaluation not tolerated by the ERM “snake”.

In 1994 Austria, Finland, and Sweden joined the EU – bringing membership to 15. Eleven of the 15 were to soon sign on for an historic experiment – whether sovereign nations could successfully forsake the coin of their realm and all that came with national monetary and fiscal independence for in exchange for European transnational institutions and goals.

In an essay in *Hansard*, as well comments made to The Times (10/5/95) Major said that he was wary of a single currency for economic reasons, as well as its political and constitutional implications for the UK. He said that without adequate convergence the EMU might very well “tear the Union apart.” By the 1997 election he was telling Conservative MPs that they would have a free rather than a party line vote on EMU entry. For reasons other than the debate over Europe, the Tories were routed from office by New Labor’s landslide win.

Mr. Blair: New Labor & New Europe?

As noted above, unions initially mistrusted the EC as a “capitalist club”, using competitive open markets to exert even more cost pressures on the market. British Tories, in contrast, initially embraced the EC. They rightly saw it as a customs union that would further open Europe’s internal markets and drive regional and domestic competitiveness.

The Maastricht Treaty’s Social Charter with its EU-wide labor standards turned this around. Labor now had the hope of labor protections being *leveled up* – *not down*. A kind governmental hand promised to soften the harshness of global markets bearing down on the backs of labor.

Meanwhile, Tories remained concerned with growing EU red tape and regulation in areas such as labor rules and the environment. They feared that the Continent’s inflexible regulatory scheme would one day be imposed on the Britain workplace – making everyone in Europe equally *non*-competitive. But they came to have a second fear springing from Maastricht. While the EC was seen as a simple customs union focused on opening regional markets, EU political and monetary “union” was seen as threatening British sovereignty. The Constitution was on the line and for what - power sharing struggles with the Italians, French and Germans?!

It is ironic that in the middle of Britain’s current debate over ceding authority to a centralized authority in Brussels, the UK is in the midst of an historic shift of domestic political power. For the first time in 400 years, Scotland has elected its own parliament. Northern Ireland may now slowly move away from London’s control, and Welsh requests for more autonomy can now be heard. Devolution is at the center of British politics today, just as the Continentals are demanding evolution to a United States of Europe.

In June of this year an UK opinion poll showed 60%+ of the British people against adopting the Euro. Clearly this reflects many things; historic attachment to the pound, concern about the loss of national sovereignty... and a feeling that Britain might be better off with the Anglo-American economic model rather than a Continental one. And there are other concerns, such as a strong Sterling making UK exports less competitive in Europe and elsewhere. Keep in mind that the UK is currently running a trade deficit with Europe of \$1.6 billion per month and that 50% of UK trade is with the Continent.

Business is divided. Recently the Confederation of British Industry found that a mere 52% of its members supported a move to the Euro. Business at its core likes certainty, and there is nothing certain about the Euro – especially against the age-old pound. And business is not quite as fond of more competition – who is? Unions are skittish at the member level as well, even though its leaders see the EU as a venue to equalize tough labor protections among Europe's 500+ million people.

The absence of popular support naturally has Blair's Labor Party worried. And in the end, what matters to politicians are votes. Mr. Blair says he wants to join the Euro – if certain economic conditions are met. He'll stay sitting on the fence, thank you, until at least the next national election. So there is two years of pulse taking ahead. British voters this summer favored EU Parliamentary candidates who supported staying with the pound. Such messages are not lost on #10 Downing Street.

The Tories prefer not to debate EU membership for fear of being said to be anti-Europe. Rather, they focus on "keeping the pound." Even an inept Tory leadership seems to have a winner on their hands, at least for now.

The Euro issue in the eyes of Continentals only serves to solidify the view that the British are just difficult. Clearly Mrs. Thatcher's never-ending confrontations with Brussels gave substance to this impression. And things like the recent beef controversy (mad cow disease) exemplify British adversarial approach to external relations. The Brits are just more "direct" than the Continentals are.

The friction moves in both directions. The UK believes that there is wholesale non-compliance inside EU on certain rigid regulations. While the British may disagree with a certain directive, once it is the law it is complied with. That is the British way. This is not so with some more southerly nation states.

In addition, the British have other concerns. A central concern is "Atlanticism", i.e. maintaining strong strategic and commercial ties with the USA. The UK has always seen keeping America inside NATO as vital. And she fears that NATO will fall apart if the US exits.

In any event, the question of the Euro will not go away and remains shorthand for the future of British involvement in the EU. So that this is not forgotten, on July 26, 1999 EU Commissioner for Monetary Affairs, Yves-Thibault de Silguy, gave a very confrontational speech in London. He said that Britain's refusal to join the Euro is undermining its clout inside of the EU and may make the UK a second division member. He said a French-German alliance is gaining ground at British expense and that a "two speed" EU is developing with the UK in the "slow lane". He said that the UK's exclusion from the Social Charter as well as the Euro is simply delaying the inevitable, while other nations set rules the UK will someday have to live by.

On July 27th Mr. Blair replied (sort of) in a speech at the London School of Economics. He put off the Euro question, focusing instead on vaguely listing the advantages of EU membership (e.g. 3.5 million UK jobs depend on EU markets). He labeled anyone who dares question EU membership as an anti-European “extremist”. In this manner he clearly hopes to paint Euro-skeptics into the corner of extremism. And in a nation as moderate as Britain, anything “extreme” must be bad – awfully bad. Tory leader Francis Maude pointed out Mr. Blair was painting a false dichotomy of all or nothing EU membership. “Most people agree with us that you can be in Europe without being run by it.”

THE ECONOMISTS SPEAK

Before moving to the recommendation of this essay, let’s take a look at what Britain’s leading economist say are the *economic* advantages and disadvantages of joining the Euro. In April of 1999 164 UK economists replied to a survey about the Euro and the UK. Two thirds favored membership. However, a striking exception was found among monetary economists. By 2 to 1 they said that joining EMU would be a bad thing for Britain. All seemed to recognize the problems inherent in such a major departure from practice. Here is a brief summary:

For The Euro:

- UK would benefit from a more stable exchange rate.
- EU buys 50% of British exports.
- Staying outside the Euro could lower foreign investment in the UK. (Interestingly, today 40% of EU FDI goes to Britain without the Euro.
- Lower transaction and exchange costs.
- An opportunity to influence the EU's monetary and financial policy.
- Win inclusion in Euro-zone capital markets.
- Euro-zone companies will find it easier to trade and cooperate than with British firms.
- Increased in market (price) transparency across the EU 15.

For The Pound:

- European Central Bank's (ECB) is too secretive, and not accountable to the European Parliament, i.e. undemocratic.
- Monetary union imposes a "one-size-fits-all" monetary policy. Examples:
 - If Ireland is booming while Germany is in a slump, for which region are interest rates set?
 - The Britain's housing market is dominated by variable-rate debt, making British housing market far more sensitive to interest rates changes than elsewhere in Europe. Impact on UK housing?
 - German corporations rely much more on debt capital financing than most other nations. This makes their supply of capital much more sensitive to interest rates than, say, in Britain.
- Countries use fiscal policy to cushion economic shocks. The EU’s stability and growth pact limits national budget deficits to 3% of GDP and the EU budget is not big enough for international transfers to take the strain of pump priming. So domestic demands may go unmet.
- Europe's labor and product markets are too inflexible to deal with the strains that EMU will put on them. If interest rates, exchange rates and fiscal transfers cannot be called on to deal with economic shocks, then wages and prices will have to do the job. The consequence of one-size-fits-all may be that the strain is likely to be taken by unemployment. US "asymmetric shocks", i.e. changes in economic conditions that affect one part of the country more than another, are largely dealt with by a highly mobile work force. "That's where the analogy between the United States of Europe and the

United States of America breaks down," says David Greenaway of Nottingham University. "Over there, people move across the country and when they get there, they find the same language, the same TV, the same hamburgers. I can't see that happening between, say, Britain and Sweden." If anything, some European labor markets are becoming less flexible, e.g. the introduction of the 35-hour working week.

- Britain's voice will be ignored whether the country was in the EMU or not. It is just not in sync with overall EU member policy views.

In the end there are strong arguments on both sides. The "pros" acknowledge the rigidities in European labor markets, the differences in economic cycles, etc. but believe that a single currency will slowly cause these to diminish. The "antis" think that these differences will serve largely to divide and that the risks are not worth leaving the tried and true nation-based monetary policy driven by democratic institutions. And one cannot help but add that two-thirds of Britain's economists cannot be right.

IN MATTERS OF THE HEART...

While in college one of my classmates asked his professor for advice about whether to marry a certain young lady and transfer to her university. The professor replied: "in matters of the heart, let the heart decide." What he meant was that this decision was fundamentally not about the young man's schooling, but about his personal future. And so the onus should rightly be placed on that aspect of his life. (He left our campus and married.)

The point is that British leaders such as Misters Blair and Clarke claim to rest their decision on the Euro on "key economic conditions." They seem to throw in a pro-European sentiment for good measure. Well, this is not time for sentiment and high time for clear eyed *political* leadership. This decision is so fundamental to British democracy that it must be decided on political and not simply economic grounds. And any economic metrics that may be set forth as deciding Euro adoption is a political dodge. This is too weighty a matter to be decided on numbers alone. Democracies deserve as much attention to their political as their economic health. (See Quentin Peel's recent essay.)

JOIN THE FUTURE, INSTEAD

Plain and simple, the decision to move UK membership from the European Community (customs union) to the European Union (political and monetary union) involves an historic loss of national sovereignty. Many Continental leaders and citizens seem to understand this on some level and have said "yes"- at least for now when things are fairly good. This may become a major problem for the EU when economies turn sour and Euro membership is not the course the British should pursue. Instead, the UK should stay as a member of the EU customs union and explore whether it can join the US-led NAFTA. (This writer does not have knowledge if whether EU law allows a subsidiary free trade agreement – as long as such an agreement does not conflict with EU trade policy.) One key aspect of NAFTA membership is that it is basically a customs union. No political or monetary union – just free trade and shared commercial standards. A US-UK-Canada-Mexico trade pact should be able to win the interest of New Zealand and Australia as well.

There are three reasons for this:

- 1. Britain is not a Continental republic.** For all the speeches about being at the heart of Europe, Britain is constitutionally not European. It is British. One can tell this by walking the streets of Paris and London. Since joining the EC 26 years ago the marriage has gone from one spat to another. Nothing is easy in UK's membership experience and both sides know it. It is a fit that will only work on the level of a customs union and that is where the British should draw the line. Indeed, let the Continentals move ahead on a "fast track". In the meantime, the UK will avoid lots of turmoil at home, and tie its success to a much more agile partner just across the Pacific.
- 2. Avoid a European political revolt.** Mr. Major put his finger on it when he said a poorly conceived EMU held the potential of "tearing the EU apart." When Italian officials explain to their citizens that Rome cannot address high interest rates or unemployment because someone in Brussels will not allow it, they will be thrown out of office – period. Nationalism remains the more potent force on the planet and no highbrow explanation of monetary guidelines set by non-elected central bankers in a foreign capital will meet the demands of people attempting to provide for their families. The EU has gone too far in compromising national sovereignty and the British will be well served to avoid the train wreck that will come with the next major European recession.
- 3. Gain Digital Age competitiveness.** The Anglo-American model of business-government relations is better suited to the tremendous changes that the Internet economy will thrust upon every nation in the next two decades. The Center for Policy Studies report "Handicap, Not Trump Card" (7/26/99) finds that the Anglo-Saxon model of deregulation generates more jobs and provides better long-term social protection than the EU Continental model. Intervention in labor markets in the name of social protection raises unemployment, prices marginal workers out of jobs and reduce net incomes due to high taxes. It notes that unemployment in the US is 4.5%, 4.6% in the UK, 10.9% in Germany 10.9%, 11.4% in France. Average after-tax incomes for two wage earner families: US \$35k, UK \$32k, Germany \$31k and France \$24.6k. Anglo-Saxon workplace injuries are lower, too. "The Franco-German model isn't working" say the study's authors. The parallels are similar for GDP growth, interest rates, women in the workforce, social security costs, e.g. in France the "real wages of the bottom decile of female workers increased by only 1% from 1984-1994. In Britain, the comparable figures were 19%." In Germany, the unemployment rate of workers aged 55-64 was 14.5% in 1997, 2.9% in the USA.

And what do Britain's Continental partners say about such facts? In a joint statement in the *Le Monde* last January, the German and French Finance Ministers said: "The obsessive insistence of the neo-Liberals on the deregulation of labor markets has contributed more to the blocking of reforms than the creation of jobs. We are convinced that the European social model is a trump card, not a handicap." The EU Employment Pact (5/99) and the EU Employment Guidelines (6/99) both recommend a wide range of labor market interventions. This is the continental model of high-cost, high-tax, high-regulation bureaucratic intervention. Ironically, just last week German Chancellor Schroeder admitted that the German model was not working well and that his government must move to an Anglo-American model swiftly. He immediately cut taxes \$16 billion.

CONCLUSION

The best argument for British adoption of full political and monetary union with Europe is not trade. Indeed, trade barriers are going down and down around the world, and the EU under WTO rules cannot do much to harm the British in terms of tariffs. On cross border red tape, yes, there will be a cost – but it is minimal. The most powerful argument for full membership is that only as part of a united Europe will this island republic – no longer astride a global empire – be a major player on the world stage. The flaw found in that argument is that Britain will further weaken its vital ties to the United States, while losing most major policy battles inside the EU. The Maastricht experience made this clear.

The British people may feel a part of European history and culture, but do not feel part of a European “nation”. Ask the man on the street. Even the hard-bitten businesses of Britain are split in half on the European Union. The UK joined the EC when it was indeed a customs union. Now its Continental partners want more – much more. And what they are asking for is the transfer of some British sovereignty to non-elected EU institutions. This will never wash in this democracy and the UK should pass.

More importantly, the world is on the edge of the most powerful manmade force to have ever circled the planet: The Digital Age of the Internet. Changes will demand more flexibility and creativity and in shorter time spans (“Internet time”) than can be fully grasped just now. If one simply asks oneself which model – the Anglo-American or the Franco-German – will be best positioned to meet these challenges the answer seems clear.

With 6% of the world’s population, 57% of the individuals today using the Internet are American citizens. The US is taking to the New Age like the New World that it has always been. The United Kingdom sits between the Old and New Worlds. Indeed, the New World of America was once a part of Great Britain. It should choose its partner wisely and the United States of America is a better bet than a United States of Europe.

As Arthur Hugh Clough once wrote, “Westward, look, the land is bright.”

AFTERWORD

Perhaps it is useful to make the point that a European Union without Britain would be less supportive of free markets, more bureaucratic and regulatory... and even less democratic. That said, from what we have seen since 1972, Britain would expend a great deal of energy on the defensive, fighting rear guard actions – rather than taking the initiatives the future will offer her to become truly a singular success on this side of the cold, blue Atlantic Ocean.

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