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## **Britain and EU**

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As severe Tropical Cyclone (TC) Winston has finally blown over Fiji inflicting severe damages on Fiji's economy, we have a "cyclone" of different kind brewing in Britain. It has immense economic implications for the rest of the world.

It could be labeled as "BC (British Cyclone) Daboris", since it has two opposing forces built in one: Prime Minister David Cameron, and Boris Johnson, the popular Mayor of London and also an MP, both of same Party.

Cameron is for European Union (EU) of 28 nations. He want Britain will be "stronger, safer and better off", if it stays in EU.

Boris Johnson, the fellow Tory wants to exit EU, saying EU has eroded sovereignty by "a slow and invisible process of legal colonization,"

June 23 is the date of Referendum on : Britain to remain or Britain to exit ( Bremain or Brexit)?

The first one was held in 1975, after joining the European Economic Community (EEC) known as European Common Market in 1973 under Conservatives. The incoming Labour government in 1975 was not in favour of continuing in EEC. It conducted a Referendum.

The result was 67% in favour of remaining in EEC on a 65% turnout.

### **Eurosceptics**

The number is rising, across the party lines.

There are concerns arising out of growing EU membership with more countries of diverse nature; sovereign debt crisis in its single currency zone; and the latest cultural and social problems caused by wave of immigration.

So, the time has come for another referendum: “Bremain or Brexit?”.

It was originally promised by Cameron as early as in 2013. In the Queen’s 2015 address, the date was set as 2017. Later, Cameron fast-tracked it to 2016, as he planned to negotiate with EU and secure a best possible deal for Britain within a year.

This month he did obtain a limited package of reforms, exempting Britain from some obligations. Having been satisfied with what he got he announced the June 23 Referendum.

### **Exemptions and gains**

Britain has enjoyed exemptions: It never endorsed a single currency. Aside from emotional reasons against the euro, there were strong economic reasons: Germany, the powerhouse of Europe and Britain never kept pace in growth. If Germany had inflation, Britain was going through recession. So, a common monetary policy was considered inappropriate. So was the single currency.

Second, Britain is not in the Schengen border-free zone. So, boat loads of migrants from Middle East are legally prevented to enter UK through EU. Britain gets an annual rebate that was negotiated by way of regional development grants and payments to farmers to the tune of £4.6bn in 2014/15. The net contribution to EU for 2014/15 was £8.8 billion amounting to 1.4% of total public spending.

EU benefitted Britain with “four freedoms” set out in the 1957 treaty of Rome: free movement of goods, people, capital and services.

The BoE Governor in a public speech made it clear that Britain was possibly “the leading beneficiary” of the EU’s single market since 1973, as it has increased the openness of the UK economy, facilitating dynamism. However, Britain’s financial sector is vulnerable to the Greece sovereign debt crisis that swept through the eurozone.

The BoE Governor wanted assurances that as eurozone member states press ahead with closer economic and financial integration, BoE should not lose its discretion to set regulation to suit the UK.

### **Deal with EU**

Prime Minister Cameron claims he got a deal good enough to give Britain “the best of both worlds”. He feels a “yes” vote to remain would strengthen his hands in further negotiations with EU in the future.

The deal assures UK can have restrictions on welfare entitlements (in-work benefits, which supplement the income of low-paid workers) for citizens from other EU countries coming to Britain to work. It also assures that Britain’s financial sector would not face discrimination if Britain did not adopt the euro currency.

However, the Justice Secretary Michael Gove in Cameron's Government has challenged that deal is likely to be thrown out by European Court of Justice, unless the Treaty signed by 29 nations is amended.

So, the storm is brewing.

The UK and Europe are intimately connected over centuries. When there were outside threats to peace and prosperity, UK was with Europe.

Fintan O'Toole in a brilliant article in the *Irish Times* traces the historical roots of UK and Europe coming together, at least from mid 17<sup>th</sup> century, when the Turks were at the gates of Vienna.

The electorate might decide to take UK out of EU. Can it take Europe out of UK?

Can the 70 years' efforts of economic integration, a model for developing world go waste?

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