6. Nation

Is Britain one nation or four? Is it part of Europe or not? This essay is about Britain as a nation; its parts and its status as part of something bigger. It will touch on the question of identity, as well as the facts of history, demography and Constitutional arrangements.

Firstly, before you can get any feel for the national dynamics of Britain, it is necessary to cut through the thicket of names. To this end, we will begin with a little geography.

The British Isles

Look at a map of Western Europe and you will notice its irregularity. It has large peninsulas bordered by mountain ranges. These natural barriers have helped to divide its people into several large nations. One natural barrier stands out. The "Channel" is a body of water only 33km wide at its narrowest. It makes Britain more physically separate than any other large Western European nation. The Channel is a demographic, historical and psychological barrier.

Focus in on the British Isles and you will see that its lowest, most fertile and populous part is close to the continent. It is here that wealth and commerce is, and has for a long time been most concentrated. Follow the map northwest and you enter the weathered, hilly regions, where the population density declines. In ancient times, when Europe achieved its greatest unity under the Roman Empire, this was its dangerous, rugged, frontier country. It is now called Europe's "Celtic fringe". Here you will find Britain's minority nations.

The first minority nation you encounter is the smallest, Wales. It is the most integrated with Britain's majority nation, the English. To England's north, beyond sparsely populated hills, is Scotland. Although separate throughout most of history, it dissolved into the United Kingdom in the early 18th century, just as the modern, commercial economy was developing. It has always maintained some degree of autonomy. Finally, a further sea barrier cuts Great Britain off from Ireland. This land has had the most troubled relationship with Britain, culminating in independence and partition in the early 20th century.

Once upon a time, before writing, all of Britain was occupied by people who would come to be described as "Celts". Their languages and cultures had a lot in common, but they would not have thought of themselves as one nation, or for that matter have had any sense of common identity, at least not until the Romans came.

The Romans came in the first century c.e., and conquered what is now Wales and all but the Northern tip of England. They called the conquered land "Britannia", the land to the north "Caledonia" and the island to the west "Hibernia". These words are still occasionally used in English for these places. The conquered people were called "Britons" and because of their gradual integration with their conquerors, are now more commonly referred to by historians as "Romano-British".

Then the Anglo-Saxons came in the 5th and 6th centuries, and they settled in the area that is now England (which includes a small slice of Southern Caledonia). Hence, the islands ended up with four nations, Irish Celts, Scottish Celts, Welsh Celts (who have a Romano-British past) and Anglo-Saxons. Into the mix came religion. Britain became Protestant Christian from the 16th century, and the new faith spread fastest in the towns. In Ireland it stayed in the towns, where only a tiny portion of the population lived. Most of Ireland remained Roman Catholic Christian.

When I say “Britain” I am using the common abbreviation for the territory or state whose official name is “The United Kingdom of Great Britain and Northern Ireland”. Great Britain is the largest of the British Isles and consists of England, Scotland and Wales. Ireland is geographically part of the British Isles, although for historical and political reasons that I will describe later, the “British” association is avoided.

Britain (or the “The United Kingdom”) is a state, that is to say, it has institutions of power; Government, Civil service, Army, etc.. A nation is a group of people who think of themselves as a nation: typically on the grounds of language, culture and history. Perfectly aligned “nation-states” are rare in the world. Britain can only be thought of as a “nation-state” to the extent that people identify themselves as British. In practice, British people tend to think of themselves as English, Scottish, Welsh or Irish, either as a sub-national identity to British, or as wholly distinct, with “British” being a merely technical description of their citizenship.

Wales

Wales was conquered by the English King Edward I, way back in 1282. For generations it's Lords had chosen one amongst them as leader, but he was not a hereditary King, so was referred to as a Prince. Edward made his own son the Prince of Wales, and from then on the eldest son of the Monarch takes this role and Wales is referred to as a Principality.

Ostensibly to promote British national unity, the 1870 Education Act stopped the use of the Welsh language in schools. Events arranged to preserve the language then became a forum of national identity and gradually developed a political voice. The Party of Wales was formed in 1925. It is commonly referred to as the Welsh nationalists, or by its name in Welsh, Plaid Cymru.

Wales has always been a mining, industrial and relatively poor region. The South in particular has been a stronghold of the Labour party since the Party began there around 1900. Yet, the Labour party was also aware of the challenge of Welsh nationalism. So in 1979 the Labour government held a referendum on Welsh self-government. The plan was rejected.

One reason why it was rejected might have been the feeling that Wales was too economically weak to survive on its own. When its economy improved however, thanks in part to the Welsh Development Agency, the feeling changed. Another referendum on self-government won a very small majority in 1997. There is now a Welsh Assembly (or Senedd) of 60 members, which is given a budget by the government to spend in Wales.

Besides the exceptional cases of the burning of holiday homes owned by English people (by a group who called themselves the Sons of Glendwr) there is no violence in the modern history of Welsh nationalism. From the Welsh point of view, there seems little sense in fighting a bigger, wealthier and conciliatory neighbour. While from the English point of view, there is little difference between its counties with a strong sense of regional identity (like Yorkshire) and it’s Principality with a national identity.

Very few people envisage full independence for Wales, so it is generally held to be very unlikely in the foreseeable future. In practice, there is full economic and social integration between the two nations, that is to say, a Welsh person is as likely to come and live and work in England, as the other way around, and neither feels “foreign” in either place. The practical compromise of national recognition and a small amount of autonomy could best be described as “integration”.

Scotland

Scotland also has had no modern history of violence in its fight for independence. Even the distant rebellions of the 18th century, were not primarily "national" in character. To understand them, it's necessary to go back to the accession to the English throne of King James VI of Scotland in 1603. In that year, the idea of Great Britain was born, although as a common realm (under one King), not one country.

Then in 1707, when the Scottish state was heavily in debt, its Parliament agreed to full political union with England. The Jacobite rebellions that followed, although opposed to the union, were built on Royalism, rather than nationalism. They were mostly driven by ambitious Highland Lords, anxious to protect their power in the Islands of the far northwest. Most lowland and urban Scottish people were too ambivalent to give the rebellions much chance of success.

Scotland always retained its own legal system, Church, education system and local authorities, so there were few points of friction upon which nationalism could build. Nevertheless, in the wake of Irish independence and the birth of Plaid Cymru in Wales, a Scottish National Party (SNP) was formed in 1928.

Like Wales, Scotland was always relatively poor, and mostly elected Labour MPs to Parliament. A decisive shift came with the discovery and exploitation of oil in the North Sea, just off the Scottish East coast. Nationalists claimed it was being used to enrich English financiers rather than develop the economy of Scotland. In 1974 30% of Scots voted SNP.

As in Wales, the Labour government in 1979 held a referendum on "devolution", that is the transfer of more powers from the British government in London, to the Scottish Office in Edinburgh. Scotland rejected it. In the same year, Labour lost the election and was replaced by a Conservative government. Still in office, over a decade later, that government introduced what became known as the "Poll Tax".

A poll tax is one levied on every adult equally, regardless of their income or assets. This one was for local authorities, so it would be the same for everyone in a given authority area. It was extremely unpopular, and there was even a widespread non-payment campaign. The Conservative government strangely decided to pilot the tax by introducing it first in Scotland. Despite its unpopularity and the difficulty of collecting it, the following year it was extended across Britain. After a year, the Prime Minister resigned and the tax was reformed to remove its obvious unfairness.

The use of Scotland as a place to test out an unpopular tax was itself, extremely unpopular in Scotland, and significantly increased calls for independence. When Labour was returned to government in 1997 it immediately allowed a referendum for Scotland to have its own Parliament with the power to modify some taxes. Scotland voted Yes. Labour dominated that Parliament until the SNP won a majority in 2007. They successfully demanded a referendum on full independence. It was held in 2016, and narrowly rejected independence.

Ireland

Ireland was conquered by the English crown in the late 12th century. During England's religious reformation of the 16th century, it remained largely isolated and aloof. While Protestant Churches and states, throughout much of Northern Europe rebelled, Ireland remained loyal to the Church of Rome.

During the English Civil War of the mid-17th century (which also involved Wales and Scotland), the King retreated to Ireland and gathered Irish Catholics soldiers. These soldiers may have rallied to the cause for fear of the fanatical Protestants who ran Parliament. In the end however, there simply weren't enough of them.

When the Parliamentary army led by the fiercely Puritan, Oliver Cromwell, reconquered the island, it's believed that at least some of his soldiers were paid in land around the city of Belfast, creating a significant rural Protestant minority in Eastern Ulster (the 9 counties of Ireland's far north). While Cromwell is thought of as a heroic figure in England, he is a villain for the Irish Catholics.

Then in the Glorious Revolution of 1688, the defeated Catholic Royals retreated to Ireland and raised an army to fight back. The Parliament-backed army of the chosen King, William of Orange, invaded and defeated them. The famous decisive battle was the Battle of the Boyne, and is still celebrated by Protestant sectarians every year on July 1st. From this time on, Irish Catholics were not allowed to own land in large parts of the territory. They were also discriminated against in some professions, especially employment by the state.

In 1789 the revolution in France started a series of wars in which the British, as head of a European alliance, tried to restore the French monarchy. This was seen as an opportunity by Irish revolutionaries, both because the French had inspired them to “liberty, equality and fraternity”, and also because France might provide military support against the British.

A group called the United Irishmen lead the uprising, but the army from France came too late and was too small and badly organised. The British were victorious at the Battle of Vinegar Hill in 1798, and the rebellion was quickly defeated.

Following this, in an effort to increase Irish integration into Britain the government passed the Act of Union of 1800, dissolving the Irish Parliament. Over the following decades, rural Ireland became vital to the industrial revolution, supplying wheat to the growing cities of Britain. Because this was a “cash crop”, the Irish themselves ate very little of it, but depended on potatoes.

In 1845-46, a devastating disease referred to as “potato blight” destroyed the crops. Estimates of the victims is quite various and not very reliable. It's most likely that around one million Irish people starved to death. Perhaps one million to two million went to the United States and Britain. In Britain they mostly settled in Liverpool, Glasgow and East London. Local data from Liverpool shows about 90,000 Irish in Liverpool in 1851, which is about 25% of its population.

The effect of these migrations in these places was to produce deep and often violent sectarian divisions. A Protestant sectarian organisation called the Orange Order (or more commonly the Orange Lodge), mobilised people of all classes. For its sympathisers, the Lodge is a celebration of a religious tradition and a reminder of the dangers of letting the corrupt Catholic Church resume power. For its detractors, it exists to intimidate Irish Catholics, keeping them scared, humble, cheap and always second class.

The Orange Lodge is a “Unionist” organisation. Others include the Ulster Unionist Party (UUP), the Democratic Unionist Party (DUP) and the Tories, who officially describe themselves as the “Conservative and Unionist Party”. This word refers to the preservation of the Union between Britain and Ireland. On the other side of the divide are the “Nationalists”, who want Irish independence. Usually, this involves breaking from the British monarchy, so they are also known as “Republicans”.

Independence

For the British Whigs in Parliament (who later became the Liberal Party), the Union was impractical. It cost money, and sometimes lives, to keep Ireland in the United Kingdom. Yet with good relations and free trade, just as much prosperity and security could be achieved with two states. Most Liberals favoured “Home Rule”, which meant restoring the Irish Parliament, under the British monarch.

The Liberal government, under the famously stern William Gladstone, introduced the first Home Rule Bill in 1886, but it was defeated in the Conservative-dominated House of Lords. In 1910, the Liberals needed the support of Irish Nationalist MPs to form a government. They won this with a new Home Rule Bill, and fought and reformed the House of Lords to make sure it was passed. By the time this happened in 1914, the Conservatives and Unionists had formed a paramilitary group, the Ulster Volunteers, pledged to fight the Bill’s implementation.

In that same year, the First World War began, so the British government suspended implementation until the war was over. Meanwhile, Irish nationalists, who wanted complete independence, grew suspicious of the plan. It was not only limited independence, it was on hold until an indefinite war ended, a war that was increasingly looking like a stalemate that only revolution could break.

In 1916 the Easter Rising in Dublin occurred. Although relatively small and easily crushed, it is remembered for its symbol value. Its executed leaders became the first martyrs of an arduous, painful and heroic struggle. When the war ended the nationalists resumed their campaign. Their Party, Sinn Fein, established a Parliament called the Dail, and an army called The Irish Republican Army (IRA).

There was a brief war with the British and the Ulster volunteers that ended with a treaty, splitting the island and creating the “Irish Free State”. This was not a republic but had “dominion” status (like Canada, for example), meaning it was independent except with the British monarch as the nominal Head of State.

Some on the Irish side supported the treaty and some called it treachery. There was a brief Civil War that the treaty supporters won. However, Ireland subsequently, peacefully, left the “Commonwealth”, that is to say, it renounced dominion status and became a republic. The border remains. The Republic is 26 counties (including 3 of historic Ulster), while Northern Ireland is 6 counties (and sometimes referred to as Ulster).

Partition

The division of Ireland involved what is now called “ethnic cleansing”. This is when people of a race or nation are forced to move. 23,000 Irish Catholics are believed to have left Belfast, escaping paramilitary violence and intimidation. Although Northern Ireland was officially a secular Province (as part of the secular state of the United Kingdom), it remained dominated by some of the most aggressive Protestants who had risen to power in defence of the Union.

In the 1960s a civil rights movement developed against discrimination, particularly in the allocation of government-owned houses. Although officially secular, this movement was mostly of the poorer people in the Province, who were mostly Catholic. Some republicans also seized the opportunity to get involved, and many Unionists opposed it, saying it was a republican campaign in disguise.

Violence between Protestant and Catholic gangs increased. One effect of this was to make it

impossible for the Protestant-dominated state authorities to operate in some Catholic areas. One area in particular, about half of the city of Londonderry, came under direct IRA control. It was known as “Free Derry”.

In 1969, the British Army was deployed to keep the sectarian gangs apart. It was generally welcomed as a peace-keeping force. Then, on 30th January 1972, it shot at a Civil Rights demonstration killing 14 people and injuring 14 more. The day became known as “Bloody Sunday”. During the events of that day, the British Army invaded Free Derry, driving out the IRA. This is often taken to mark the beginning of the period known as “the troubles” characterised by IRA terrorism, British Army suppression and underlying gang warfare between Protestant and Catholic paramilitaries.

With no sign of progress and facing overwhelming odds, the IRA extended their bombing campaigns to mainland Britain, first attacking military and political targets. The most famous incident was the bombing of the Conservative Party conference in Brighton in 1984, in which 5 people died. It was aimed at the British Prime Minister, Margaret Thatcher.

Gradually however, their campaign degenerated into random bombings in which innocent civilians were killed, including for example, one on a shopping centre in Warrington near Liverpool in 1993, in which 2 children died. Actions like this helped to erode public sympathy for the republican cause and increase tolerance of anything the state could do to stop it. There was for example, some evidence that the British army pursued an illegal “shoot-to-kill” policy.

With both sides digging in, the troubles dragged on. The British government said that as a matter of principle, it would only speak to other governments. It made an agreement with the Irish government in 1985 aimed at cooperation to control the situation. The paramilitaries in Northern Ireland however, opposed it, as did many Unionist politicians. An anti-conciliation group split from the UUP (which became known as the “Official Unionists”) to form the Democratic Unionist Party (DUP). It quickly gained support. While the British couldn't control the Unionists, the Irish state couldn’t control the Nationalists.

Throughout the 1990s however, secret talks were being held between the British state and the Irish Nationalist Party with IRA links, Sinn Fein. When Sinn Fein renounced violence and severed its direct connection with the IRA, the negotiations were publicly revealed. Eventually they lead to the 1994 disarmament (with only a small breakaway group called the “Real IRA” refusing). The process culminated in the “Good Friday” agreement of 1998, and a referendum that endorsed it in both the North and the South.

The agreement created a North Ireland Assembly, with a voting system that made it possible for the Catholic minority to have a voice. In August 1998, by the way, a bomb in Omagh killed 29 people. It was planted by the Real IRA, who had rejected the “Good Friday” agreement. It was condemned by all the other groups and the perpetrators were quickly caught. This is a sign that violent Nationalists no long had any natural support or protection from the Catholic community. Ireland has remained peaceful, with only occasional gang-like incidents, for the last 19 years.

Britain in Europe

While Britain has nations within it, it is also part of a bigger entity. British history is as much a chapter of European history as it is a story in its own right. People, ideas and armies have moved continuously to and from the islands. Nevertheless, Britain *is* an island. Its physical separation has affected how it relates to its neighbours and consequently, the distinctive split identity of British

people. To understand how this came about, it is best to begin with the story of the most recent evolution of European unification.

The process began with the Brussels Treaty of 1948. This was a defence treaty signed just after the 2nd world war between Belgium, the Netherlands, Luxembourg, France and Britain. In June of the same year a group called the Organisation for European Economic Cooperation (OEEC) was created with 16 countries. The following year, 1949, the Council of Europe and the European Convention on Human Rights were established.

The context for this cooperation is important for understanding it. Europe has always been at war and the first half of the 20th century it was arguable at its worst. A long period of imperial competition and shifting alliances culminated in over 3 decades of social crisis, pogroms, civil conflict, migrations and two horrendous world wars. In this period Italy spawned a new kind of tyranny, Spain and Germany suffered complete social breakdown and France, along with all the small countries of Europe, was overrun by foreign armies.

After the war, a cultural revolution occurred around the idea of human rights. People wanted to make sure that what had happened would never happen again. Behind some of these efforts was the conscious goal of political union. Even Winston Churchill, a traditional British Conservative, was caught up in the mood. In 1946 he gave a speech in Zurich saying “We must build a kind of United States of Europe”. As a career politician however, he soon moved away from the idea when he realised how unpopular it was in Britain.

The Continental Europeans had suffered the worst war destruction and their overwhelming priority was cooperation and peace. The British had won the war by cooperating with their fellow English-speaking Americans against Europeans. To some extent, to many British people it felt like they had fought for their independence from Europe. They were hardly in the mood to give that independence away now the war was over.

In 1951, a French economist and civil servant, Jean Monnet, instigated the European Coal and Steel Community (ECSC), arguing that if key areas of production were integrated, it would be practically impossible for the countries to go to war. He went on to establish the Action Committee for a United States of Europe and later drove forward the European Atomic Energy Community and the all-important, European Economic Community (EEC).

The EEC was established by the Treaty of Rome in 1957. It involved 6 of the 16 OEEC countries, and did not include Britain. For a while Britain attempted to extend its own sphere of influence through an alternative group called The European Free Trade Association (EFTA). This included Norway, Sweden, Switzerland, Austria and Portugal. It was oriented to free trade and consciously resistant to European Social Democracy. Note that in the 1950s Britain was governed by Conservatives, while Europe was mostly governed by Social Democrats whose political philosophy was akin to Britain’s Labour Party.

Nevertheless, it was obvious that Britain's economic future required cooperation with the main European powers. In 1961 (still under a Conservative government), Britain applied to join the EEC, which was then commonly referred to in Britain as the “Common Market”. The attempt was blocked by the nationalist French President Charles De Gaul. Britain applied again shortly afterwards (now under a Labour government) and it was again blocked by De Gaul. This fuelled popular suspicion in Britain that foreign interests were at work behind the European project.

De Gaul left office in 1969, and European officials held the Hague summit, which discussed how to

expand the community. The Conservatives got into government again in 1970 lead by Edward Heath, a pro-European. Labour was now split on the question. In 1973 Britain's entry was accepted. Then the Labour government of 1974 renegotiated and held Britain's first referendum on Europe. 65% voted in favour of joining the EEC.

The debate around the referendum gave rise to a trend in British politics known as "Euroscepticism". This is the idea that greedy and bureaucratic European supranational institutions are slowly eroding the sovereignty of the British Parliament. They are. Staying in Europe, they believe, will mean Britain losing its independence.

In 1979 the European Monetary System (EMS) was created and the first elections were held for the European Parliament. At the same time, Britain got its first Eurosceptic Prime Minister, Margaret Thatcher. She said "There is no such things as a separate community interest; the community interest is compounded of the national interests of the ten member states." For her, the EEC was only a diplomatic forum for these contending interests. Her policy objectives were reducing the size of Britain's financial contribution and getting rid of the Common Agricultural Policy (the costly subsidising of farmers).

Meanwhile, expansion and integration continued. In 1986 Spain and Portugal joined. The new Commissioner, Jacques Delors, pushed forward the Single European Act, which involved removing all trade barriers between member states by 1992. The Act also changed the name of the EEC to the European Community (EC). Mrs Thatcher fought against it, particularly the workers' rights included in the Act.

The year 1992 (shortly after Mrs Thatcher resigned) was decisive. Not only was it the deadline for the removal of trade barriers, but it was also marked by the re-unification of Germany, and economic and social reform throughout Eastern Europe. The Maastricht Treaty of 1994 seized the moment. It created the European Union, with the structure we recognise today. In 2000, the Treaty of Nice, allowed for the expansion of the EU to include the countries of Eastern Europe. Now with 25 countries, and plans to incorporate another 25, its agenda has gone from "cooperation" to "community" to "union".

Meanwhile, problems with state finances and employment have grown worse since the global financial crisis of 2008. At the same time, because of free movement and the incorporation of Eastern Europe, immigration fears are growing. Eurosceptics also often express doubt that expanded Europe can stop illegal immigration from the rest of the world. While it has grown to some extent throughout the continent, Euroscepticism peaked in Britain with the 2016 referendum, which took the decision to leave the EU.

How the EU works

It is generally acknowledged that Britain's mainstream media is, on the whole, Eurosceptic. Coverage of European issues rarely provides insight into how the system works, and often, ironically, points out how little ordinary people understand. It is true that the EU is overloaded with acronyms and bodies that have a distinctly bureaucratic feel (take for example, the committee for judicial cooperation, which is known as CATS or the "Article 36 Committee"). These bodies however, are only consultative. The key to the system are the five statutory bodies:

- Council of Ministers
- European Commission
- European Parliament

- Court of Justice
- Court of auditors

The Council of Ministers is led by the EU President, who comes from each of the nations in rotation every six months. At the Council, national Ministers from Ministries relevant to the agenda, meet and discuss draft laws. It is served by a civil service lead by the Secretary General and the Committee of Permanent Representatives, who are sent by the national embassies.

Draft laws are written by the European Commission. They are sent to the European Parliament and then to the Council of Ministers. Once the Council has reached a "common position" they are then referred back to the Parliament for a "2nd reading". After that they go back to the Council for a final decision. The Council then issues regulations (which are laws), directives (which are the frameworks of laws) or recommendations (which are also sometimes called "resolutions"). These are in descending order of force. A regulation has immediate force of law, a directive must be implemented in some way by national governments and recommendations carry no force of compulsion.

How decisions are taken in the Council of Ministers, in particular whether the council can compel states to accept its decisions, was a serious point of contention until a compromise was reached in 1966. It now uses Qualified Majority Voting (QMV). This means that votes are weighted such that fewer votes are required to block something than cause it, and nations can veto a decision on the grounds of a threat to vital national interests.

The European Commission is a body of 20, appointed by member states. It is really the government of the EU. It drafts budgets and laws and has executive authority. It's President has to be approved by the European Parliament, which is an assembly of 626 MEPs, elected for 5-yearly terms. It has the power to reject the budget and dismiss the Commission. This power is effectively a negotiating position and not used in practice. It was used dramatically only once. This was in 1999, when the Commission was accused of widespread corruption.

The Parliament has to give its assent to laws in certain areas, which are the admission of new states, association agreements, citizenship, the structural fund, electoral systems and international agreements. It can also, in certain areas, force the Council of Ministers and the Commission into a conciliation committee. These areas are the free movement of workers, the internal market, technological research and development, the environment, consumer protection, education, culture and health.

The Court of Justice is made up of senior Judges. Each country sends one, and one is elected its President. Its role is to ensure EU law is properly enacted across the Union. It also serves a Constitutional role, regulating the relationships between governments, and between governments and the EU. The final body of the five is the Court of Auditors, which checks the EU's finances and issues an annual report.

While the EU has a Parliament, it is not sovereign like the British Parliament. It oversees but does not elect the Commission, which is a joint body of national governments. To the extent that the Commission directs national governments the system is "federal", but to what extent can it? The tension at the heart of the EU flows from this. While we speak of regulations and directives, it should be noted that the EU depends on national civil services and does not have its own Police or Armed Forces. It is therefore, not a "state" as we would normally understand it. Its power depends on the idea that cooperation is a good thing and its sanction is exclusion.

The Economic question

The EU takes a very small proportion of national revenues, typically around 1.2%. This however, could misrepresent its real cost because most EU policy is implemented by national civil services. Its funding has a complex formula that breaks down like this:

- Member states contributions proportionate to their GNP (this was only 10% in 1988, but has steadily risen to about 43% today)
- A fixed proportion of VAT (about 38%)
- Customs duties (about 15%)
- Other duties (agricultural tariffs and sugar levies) (about 4%)

The EU's outgoings are:

- Common Agricultural Policy (about 48%)
- Regional grants (about 35%)
- Overseas aid/ “external action” (about 8%)
- Administration (about 5%)
- Research, energy, technology, etc (about 4%)

Besides its own budget, the EU is also relevant to more general economic issues. Promoting trade for example, is one of its key roles. The EU tries to ensure that the currencies of European states stay stable against each other. So the EU has what it calls a common monetary system.

In the past this evolved into the Exchange Rate Mechanism (or ERM), which “pegged” currencies. This meant that if currency values rose above or fell below certain levels, governments would automatically buy and sell money to compensate. Exchange rates however, are not that easily controlled. They reflect the real value of currencies in world trade. If financiers feel that a currency has become less useful its value will fall. The EU can strengthen financiers' confidence in governments, but this confidence is fragile, as shown by the crisis of 16th September 1992.

In Britain, the event became known as “Black Wednesday”. The British government spent a lot of money buying British £s to keep its value within the ERM limits. As it continued to fall, a decision had to be made, whether to keep buying or give in. In the end the government gave in, effectively ending the ERM system.

The collapse of the ERM revealed that if the process of monetary union was to continue Europe would need its own currency. Long negotiations brought eleven countries together in 1998, and the first notes and coins were issued in 2002. There are now nineteen countries in the so-called “Eurozone”. Britain is not one of them. The government said it would only join if a series of conditions were met. Broadly, these conditions were about the particular interests of British industry.

After the financial crisis of 2008, several Eurozone countries experienced a sovereign debt crisis, that is to say, these states could not afford to service their debts. This was also a crisis for those financial institutions that depend for their solvency on those debt repayments. Protracted negotiations and political upheavals eventually settled on bail-outs, whereby the European Central Bank (whose assets belong to the Central Banks of each member country) gave out money in return for assurances of policy and institutional changes in the indebted states.

These events revealed the problem of having a common currency in several states with different

fiscal authorities. In other words, states were taxing and spending money in a currency whose supply and value they did not control. The crisis was a symptom of uneven integration and posed a big question: should Europe go back to separate states with separate currencies, or should it stick to one currency and construct a "Union" (a Federal state, perhaps) that can control it?

Brexit

Widespread ignorance of, and indifference to, European politics; the collapse of the ERM and the political upheavals and move toward greater integration following the Eurozone crisis, have all contributed to Euroscepticism in Britain. Although, it is hardly a new thing. Ever since Britain joined the EEC (then commonly called the "Common Market") in 1976, there have been calls to leave.

Britain's most Eurosceptic Prime Minister, Margaret Thatcher (from 1979-1991) profited politically by talking tough about getting the best deal for Britain in Europe. In 1985 for example, she was pleased to announce that she had won a "rebate". This came about because the EU tries to weight its income based on real economic activity by taking a small amount from VAT (a tax paid on every sale and purchase). Because Britain raises proportionately more money by VAT than other European countries it wasn't fair on Britain, she argued. After negotiations the EU agreed to pay Britain some of that money back. This means that as a proportion of real economic activity, Britain has for a long time paid less than any other country.

There are two aspects to Euroscepticism. There is the issue of political freedom. As a complex supranational bureaucracy the EU can feel undemocratic and distant. There is also the issue of economic fairness. Europe redistributes money, so you would expect Britain, being relatively wealthy and productive, to give more than it gets. You can see how these arguments can blend reasonable concerns for freedom and fairness with nationalism.

In 1994 a cross-party Euro-sceptic group called the Anti-Federalist League was created. Its name implies a concern that Europe is changed from a free association of independent states into a single Federal state. In Britain, the League stood in the European elections of 1999 as the United Kingdom Independence Party (UKIP) and got 3 seats. In 2004 it got 12. Its vote slipped slightly but it still got 13 seats in 2009. Sensing that the mood was changing, the Conservative party promised the nation a referendum on EU membership.

The motivation behind the recent growth in euro-scepticism in Britain is mixed and difficult to break down. As an illustrative example, one UKIP voter when interviewed said "I'm not racist or anything, but just keep the borders, there's just too many people here." A survey of 30,000 supporters of the LEAVE campaign (for Britain to leave the EU) asked them what the main issue was and would happen if Britain left. 75% cited immigration and said they thought it would go down.

In the same survey 40% believed that leaving the EU would mean the British economy would improve, while 6% said they thought the economy would get worse. This relatively small number believing in positive economic effects (a minority, in fact) supports the impression that the economy was less important than immigration. It should be noted by the way, that most LEAVE and UKIP voters do not say that they are against immigration in general. The most commonly cited position is opposition to "uncontrolled" immigration.

In the referendum of 2016, the main three political parties joined the REMAIN campaign (for Britain to stay part of the EU). The LibDems were unanimously behind it. The Conservatives had a

significant minority, and Labour a much smaller minority, supporting the LEAVE campaign. Naturally, UKIP played a significant part of the LEAVE campaign. 72% of the British population used their right to vote. 52% of them voted LEAVE, 48% REMAIN.

The result has triggered a complex process of negotiations and bureaucratic procedures that are expected to take years. A new word was invented to describe the process: “Brexit”. A major problem is the fact that the current government, which has to negotiate and lead the procedures, is mostly made up of people who campaigned against it.

Since the referendum there has been widespread consternation and soul-searching amongst Pro-Europeans. For many people the weakening of national identities marks humanities progress to a more peaceful and harmonious world. It is, they might argue, a natural and welcome consequence of globalisation. European integration was the local manifestation of this process. Hence, they cultivated a multi-layered identity: Global, European, British and local (English, Welsh, Scottish or Irish). Brexit has not only compromised a layer of this identity, it has revealed that it is not shared by the majority of British people, at least in so far as the result reflects identity.

On March 30th 2017, Article 50 of the EU treaty (revoking Britain’s membership) was evoked. When the Government first tried to do this, Parliament took it to Court. The Supreme Court ruled that the process can't happen without the involvement of Parliament, so now all the Government's negotiations have to be open and subject to Parliamentary scrutiny. This means that although Brexit has begun, the long process will probably take even longer than previously expected.

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