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# **Brexit: A Historical Case-Study of UK's Integration with the EU**

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**Declaration**

I, Isabel Dineen, declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

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## **Abstract**

This thesis explores Brexit as process by examining what reasons have been given for UK's integration process with the EU from the accession in 1973 to UK's decision to leave the EU in 2016 and whether these reasons have changed or stayed consistent. Three events critical for UK's integration with the EU have been analysed and compared: British EEC-membership in 1973, UK and the European Monetary Union, and UK's decision to leave the EU. Each event has been analysed to observe what reasons have been given for UK's integration with the EU through a rationalist approach to the European integration process and a constructivist approach to the study of European integration. This thesis finds that the reasons given for UK's integration process with the EU have both been of economic character and of issues concerning national identity and status in the international community. The findings from this study suggests that Brexit can be viewed as a process and that the issues the UK has been concerned with have been consistent throughout their integration process with the EU.

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## **Chapter 1: Introduction**

In January 2013, former Prime Minister David Cameron pledged an in-out referendum on United Kingdom's membership of the European Union, saying that the British people must "have their say" (BBC, 2013). The referendum was to take place within 2017 if the conservatives won the election, and within that time the Prime Minister wanted to renegotiate the UK's relationship with the EU. Based on the new negotiated terms, there would be held a referendum where the people would be given the choice between staying on those new terms or leaving the EU (BBC, 2013). On 23 June 2016, the United Kingdom voted to leave the European Union. The majority of the Members of Parliament supported remaining in the European Union, while 51.9% of the British electorate opted to leave (Goodwin and Milazzo, 2017). For most, the outcome of the referendum came as a surprise (Wincott, Peterson and Convery, 2017). On the other hand, even though the outcome of the referendum was felt as a shock by much of the British political class, it has been argued that looking back on the history of UK-EU relations, the outcome of the referendum was inevitable (Thompson, 2017).

This thesis explores Brexit in a historical perspective by examining UK's integration process with the European Union through three events. First, this thesis examines the period from after the Second World War leading up to UK joining the European Economic Community in 1973. Second, how the UK chose to not further integrate with the European Monetary Union. Third, UK's choice to leave the European Union in 2016, and how this can be understood in relations to the history of UK-EU integration. These three events are designed as a historical case-study of UK's integration with the EU where the aim is to contribute to the understanding of Brexit as a process by examining what reasons have been given for UK's integration with the EU and how these reasons have changed since the UK joined the European Economic Community in 1973. By analysing these three events we are able to discuss what have been the motivations for integration, for not wanting to further integrate, and why the UK in 2016 decided to leave the European Union. Further, by having three events in different time periods, we can compare the events and how the reasons given for UK's integration with the EU have changed over time.

The analysis is based on a systematic review of secondary literature, primarily books and articles for each of the three events. The first case analysis is based on an academic book that gives a historical background to the UK-EU integration process. The second case analysis

leans on four academic articles and news articles concerning the issue of why the UK did not want to become part of the EMU and if joining the EMU would have been beneficial for the UK. The third case analysis leans on nine academic articles discussing the reasons for the referendum and the causes of Brexit. Also, news articles, the Leave and Remain campaign's websites, and UK's data services have been used as sources in this case analysis. A further explanation for the choice of sources will be given in chapter 3. Each of the three cases have been analysed with the aim to examine what observations can be made through the sources concerning the reasons given for UK's integration with the EU through the theoretical perspectives of European integration theory and a constructivist approach, hereunder status theory, to the study of the European integration process. The integration theories that will be applied in this study is neofunctionalism and intergovernmentalist theory which both have an instrumental approach to state's integration process. The constructivist/status theory perspective approaches state action with an emphasis on social factors rather than rational calculations of interests and can supplement the instrumental approaches. This kind of historical comparative case-analysis can contribute to the debate about UK's choice to leave the EU by exploring Brexit as a process.

## 1.1 Objective of the Thesis

The objective of this thesis is to contribute to a wider understanding of Brexit by examining the reasons that have been given for UK's integration with the EU through a historical case study. The study draws on theories of European integration and how these theories can contribute to the understanding of UK's reasoning in their decisions to first become a member of the EU, then not to further integrate with the EMU, and last voting to leave the European Union. With the classical theories of integration having an instrumental approach to the study of European integration, this study also draws on a constructivist approach to see if this conceptual lens can contribute to a better understanding of UK-EU integration. By conducting a historical case study of the reasons given for UK's integration process with the EU, we can also examine how and if the reasons have changed or stayed consistent which can contribute to the understanding of UK's decision to leave the European Union.



## 1.2 Research Question

Drawing on European integration theory and a constructivist approach to the study of European integration, this thesis examines the reasons given for UK's integration with the EU and how these have changed or stayed consistent over time. The research question for this thesis is as follows:

*What reasons have been given for UK's integration with the EU? And how have these changed since the accession in 1973?*

## 1.3 Outline of the Thesis

This part of will give a brief overview to the outline of the thesis. The first chapter of this thesis includes the introduction to the topic and presents how this research has been conducted. In this chapter, the objective of the thesis and the research question is also presented. Chapter 2 introduces the theoretical framework for this study, where the classical theories to European integration and a constructivist approach to the study of the European integration process are presented. Chapter 3 introduces the research methodology, hereunder the research strategy applied for this study and the different elements of the research process. Chapter 4 presents the case analysis of the three cases: British EEC Membership 1973, UK and the European Monetary Union, and UK's Integration with the EU: The Choice to Leave. The analysis examines the collected sources for each case and observe from both a rationalist explanation and from a constructivist explanation what reasons have been given for UK's integration with the EU. Chapter 5 discusses how the given reasons for UK's integration process have changed or stayed consistent from the accession in 1973 till UK's decision to leave the European Union in 2016. Chapter 6 concludes the findings in this research.

### **Chapter 2: Theories of European Integration: From Instrumental to Reflexive Approaches**

This chapter presents an overview of European integration theory which will be used as the analytical lens to approach the research question in this study. There are five main theoretical approaches to the study of European Integration: federalism, neofunctionalism, intergovernmentalism, the governance approach and policy network analysis (Bergmann and

Niemann, 2015). Of these theoretical approaches, neofunctionalism and intergovernmentalism will be elaborated and will in this research contribute as the instrumental approach to the study of European Integration. The choice to only cover these two theories, is that they are viewed to be the Grand theories of European Integration (Hooghe and Marks, 2019) and demonstrates the cost/benefit perspective in the processes of state integration. A more reflexive approach to the study of European Integration can be found in research inspired by social constructivism, hereunder status theory which is linked to state identity politics. While neofunctionalism and intergovernmentalism are both rationalist theories, a constructivist perspective has a relational approach to state's action and emphasise social factors. Applying a constructivist perspective and status theory to the study of European integration can supplement the instrumental approaches as it is concerned with how state actions are guided by how they are seen by others and how they want others to see them and not only rational calculations of interests. According to Claes and Førlund (2015, 38) European integration cannot be explained in detail by only one theory, and that the different theories instead can help explain different parts of the integration process.

## 2.1 IR and Integration Theory

Theorizing about European integration began within the field of International relations in the 1960s and the theoretical literature was divided between neofunctionalism and intergovernmentalism, which today are viewed as two of the Grand theories of European integration (Pollack, 2001, p. 222). When using the concepts of "Integration theory" and "European integration theory" they are to some extent intertwined. Initially, the theories of integration were intended to work as general theories of economic and political integration, but they were limited to the study of European integration as they showed to have little impact on the larger study of international relations (ibid.).

Neofunctionalism and intergovernmentalism aim to explain the causes, processes and outcome of the integration process (Vollaard, 2018). This field of interest emerged in the 1960s, but since the 1980s the research interest of integration scholars also includes analysing the system of governance that has originated from the European integration process (Bergmann and Niemann, 2015, p. 166). For the purpose of this study, European integration theory will be applied to address processes of state integration when examining the reasons given for UK's integration with the EU and how these have changed over time.

The classical theories of European integration, such as intergovernmentalism and neofunctionalism are largely based on rationalism and a positivist conception of science. This ontological and epistemological orientation was for a long time seen as the dominant point of reference in European integration theory, but the post-positivist turn in International Relations theory in the 1980s and 1990s also contributed to the rise of constructivist and critical approaches to European integration. These diversifications of epistemological and ontological assumptions have resulted in a variety of theoretical approaches and conceptual lenses in European integration theory (Bergmann and Niemann, 2015, p. 166). The following paragraphs will present the two classical theories of European integration: neofunctionalism and intergovernmentalism, and a constructivist approach to the study of European integration, hereunder status theory.

## 2.2 Neofunctionalism and European Integration

Neofunctionalist ideas were most clearly introduced by Ernst B. Haas as a theoretical tool to assess integration in Europe (Rosamond, 2000). Neofunctionalism evolved after the Second World War, and Haas was among the first to realize that regional integration might transform the traditional interstate system that had characterized European politics for decades, by liberalizing flows of trade, investment, and persons across borders that had previously been well protected (Ruggie, Katzenstein and Schmitter, 2005, p. 278). Haas introduced his neofunctionalist ideas in his book *“The Uniting of Europe”* from 1958, and the theory was further developed by Leon Lindberg, in his book *“The political Dynamics of European Economic Integration”* from 1963 and Haas’s second book on the subject *“Beyond the Nation-State”* from 1964 (Rosamond, 2000, p. 54 -55). Neofunctionalism is one of the classic theories of European integration and it sought to explain the causes, process, and consequences of non-coercive regional integration (Vollaard, 2018, p. 11).

Neofunctionalism is deeply influenced by pluralism and functionalism, two theories that gained traction after the Second World War (Hooghe and Marks, 2019). Building on democratic pluralism, neo-functionalists developed the idea that government could be separated into its component group actors. Neofunctionalists consider international relations as the interaction between societal actors rather than a game among states, and rather than making the assumption that the state is the main actor in international relations, neofunctionalists conceptualize the state as an arena where societal actors operate to realize

their interests (Hooghe and Marks, 2019, p. 1114). This conceptualization of international relations has released neofunctionalists from the assumption that international relations is driven by the desire for state survival or economic gain. Therefore, according to neofunctionalism, regional integration will result if groups within or among states are of the belief that supranational institutions are more promising than national institutions in achieving their interests (Haas, 1958 in Hooghe and Marks, 2019, p. 1114).

Building on functionalism, neofunctionalism conceptualizes international cooperation as a response to economies of scale in the providing of public goods (Hooghe and Marks, 2019). This means that states would see the benefits of cooperation as economies of scale would improve the provision of public goods. According to Scitovsky (1956, p. 71), the advocates of European integration believed that the low labour productivity of the European manufacturing industry could be explained by the manufacturing equipment being out-dated, and it was believed that integration could solve this problem. This improvement of the labour productivity of the European manufacturing industry was believed to result from economies of scale and the greater mobility of capital that integration would create. Neofunctionalism departs from functionalism on the issue of how to bypass state sovereignty. While functionalism argues that the only feasible way to bypass state sovereignty is to transfer specific state functions to specialized international agencies, neofunctionalism emphasize the potential for deeper and broader governance at the regional level. Whether this will result in federal polity they do not say, seeing that the concern of neofunctionalism is mostly with the direction of regional integration rather than the outcome of integration (Hooghe and Marks, 2019).

### 2.2.1 The Concepts of Spillover and Loyalty Transference

There have been several interpretations of regional integration provided by neofunctionalists over the past 50 years, but what can be said to be neofunctionalism's key concept is the idea of "spillover" (Vollaard, 2018, p. 12). Spillover was used to describe the mechanisms that allegedly drove the processes of regional integration (Rosamond, 2000, p. 59). The concept of "spillover" referred to the way in which the creation of integration in one economic sector would create pressures for further and deeper economic integration within that sector and into other sectors, leading to greater authoritative capacity at the European level (Rosamond, 2000, p. 60).

Neofunctionalists identify several processes that are mutually reinforcing that lead to further integration. These include spillover among policies that are: “*autonomous only in the short term; increasing reliance on non-state actors to implement such policies; a shift in citizen attachment towards supranational institutions; and as a result of each of these, more intensive exploitation of the benefits of trade and, more broadly, of interdependence*” (Hooghe and Marks, 2019, p. 1114). As we see, spillover starts in one policy which induces other policies. This is what neo-functionalists pay detailed attention to, and how they explain how regional integration occurs. One starts with regional integration in one policy, which leads to integration in other policies, this is because either integrating in one policy might open up new possibilities for cooperation in another policy, or integrating one policy might generate unanticipated problems that trigger further integration (Hooghe and Marks, 2019, p. 1114).

Three types of spillover have generally been identified: functional, political and cultivated spillover (Bergmann and Niemann, 2015). Functional spillover is used to explain the way integration in one policy area pressures integration in other areas due to interconnections of policy issues (Vollaard, 2018, p. 12). Functional spillover pressures come about when an original objective can be assured only by taking further integrative actions (Rosamond, 2000, p 60). One example of functional spillover is how the completion of an internal market also involved the free movement of people. To make the integration of the internal market possible, visas, asylum, immigration and police cooperation were also perceived as necessary (Vollaard, 2018, p. 12). In other word, integration within one policy will automatically foster the need to integrate other related policies. Another example of functional spillover is the European Monetary Union that was a spillover from the European Economic Community. Political spillover refers to the process where interest groups and political parties establish transnational groups to push for regional integration when they see that European cooperation is a means of serving their interests (Vollaard, 2018, p. 12). In other words, political spillover happens when elites in one country see that problems of considerable interest cannot be addressed at the domestic level, at least not efficiently. This leads the national elites to a gradual learning process where they shift their expectations, political activities, and loyalties to a new European centre (Bergmann and Niemann, 2015). A basic assumption of neofunctionalism is that for political spillover to be possible, a process of loyalty transference is required and that the introduction of new regional institutions will create a shift in loyalty

from the national level to the new regional institutional level (Rosamond, 2000, p. 65). Haas (1968, quoted in Rosamond, 2000, p. 66) defined political loyalty as:

*“A population is loyal to a set of symbols and institutions when it habitually and predictably over long periods obey the injunctions of their authority and turns to them for the satisfaction of important expectations”*

Cultivated spillover concerns the role of supranational institutions. Because of their concern of increasing their own power, they become agents of integration because the deeper the integration, the more they are likely to benefit (Bergmann and Niemann, 2015, p. 70). One example is the European Commission who actively involve state and non-state actors to seek the integration of a certain policy domain also to increase their own say, and as a result, integration continues beyond the initial preferences of these actors (Vollaard, 2018, p. 13).

Neofunctionalism has been criticized for neglecting the international setting of the European integration process, and in a response, recent neo-functional accounts have also emphasized exogenous spillover. Exogenous pressures include factors that are created outside the integration process. Pressures and changes in the external political and economic environment affect the behaviour of national actors (Niemann, 2006b). According to this response, external threats are assumed to generate more integration. As with functional spillover, exogenous spillover is a matter of decision-makers' perceptions (Niemann, 2006a, p. 51).

Contemporary neofunctionalists have expanded the alternatives to spillover, and introduced the concept of “spillback”. In this revised framework of neofunctionalism, integration is assumed to be a dialectical process, meaning that integration does not only go one way but that it is both subject to dynamics and countervailing forces that can either stagnate integration or oppose integration (Niemann, 2006b, p. 9). Following Niemann (2006b), there are three countervailing forces that can lead to a standstill in the integration process or a reversal of integration: Sovereignty-consciousness, Domestic constraints and diversities, and Diversity. The first, Sovereignty-consciousness, can be summarized as actors' consciousness to hand over sovereignty to supranational institutions. This lacking disposition to delegate sovereignty is often linked to national traditions, identities and ideologies. The issue of trust in the objects of delegation is important in this respect as sovereignty-consciousness seem to rise with lack of trust in supranational institutions. The second, Domestic constraints, is when

domestic groups have a constraining effect on governments which again can have a negative effect on integration even though the government itself is for integration. The third, Diversity, may work as a countervailing force on integration as diversity between member states may have a negative effect on integration (Niemann, 2006b, p. 10).

From a neofunctionalist perspective, regional integration will occur when groups within or among states believe that supranational institutions are more promising than national institutions in achieving their interest, and the concepts of spillover and loyalty transference stand strong in their understanding of the process of regional integration. This approach to the study of state's integration process is viewed to contribute to the understanding of the reasons given for UK's integration with the EU. Still, there are other approaches to the study of the European integration process that also are viewed to contribute to the understanding of UK-EU integration, and therefore intergovernmentalism will be introduced as a theory that departs from neofunctionalism in several aspects and can help view UK's reasons for its integration process with the EU from a different angle.

### 2.3 Intergovernmentalism and European Integration

In contrast to neofunctionalism, intergovernmentalists view European integration from the standpoint where the state is the main actor, and where national states are searching for mutually advantageous bargains. Intergovernmentalism does not explain integration as the outcome of cooperation and competition among societal actors as neofunctionalists, rather they see integration as the outcome of cooperation and competition among national governments (Hooghe and Marks, 2019, p. 1115).

One stream of intergovernmentalism views regional integration as a reply to shifts in the balance of power (Hooghe and Marks, 2019, p. 1115). Following this argument, European integration was a response to the post-war US-Soviet duopoly. After the Second World War, mainland Europe had been relegated to mid-range powers, and as a way of strengthening their powers again, regional integration was perceived as a solution. Still, even though states integrated, this does not imply that this was the end of the zero-sum nature of geopolitics within Europe itself, nor did it end deeply rooted nations. The idea here is that, integration stands in contradiction to national diversity. According to intergovernmentalism, if the logic

of integration and national diversity collide, national differences are likely to prevail (Hooghe and Marks, 2019, p. 1115).

Intergovernmentalism as an approach to study the process of European integration originated from a critical response to neofunctionalism and their problems in explaining why the process of European integration was halting in the 1960s (Vollaard, 2018, p. 43). Neofunctionalism was first of all criticized for not giving international external forces enough attention in the study of the European integration process. Secondly, neofunctionalist logic of integration was criticized. According to Hoffman (1995 in Vollaard, 2018), high and low politics had to be separated in the question of integration, and he argued that it was only technocratic issues that could be subject to spillover. Issues such as national pride, prestige, security, independence and survival, which can be defined as high politics and are of key significance to national states, are not issues where integration will occur. As Hoffman (1995, quoted in Vollaard, 2018, p. 44) argues, states “*prefer the self-controlled uncertainty of national self-reliance, to the uncontrolled uncertainty*”. For intergovernmentalists, European integration is a product of states’ choices, not of supranational or functional pressures as neofunctionalists would argue. Therefore, European integration will only occur when it is in the interest of national states and necessary for their own preservation (Vollaard, 2018, p. 43). From this, it can be understood that for states to choose to integrate, they will first have to evaluate whether it is in their interest to integrate and secondly if their interests will be maintained through European integration. For integration to occur, states have to be of the opinion that the benefits of integration outweigh the costs.

This classical stream of intergovernmentalism has been extended with a more recent stream which extend the classical theory by applying international political economy to member state bargaining (Hooghe and Marks, 2019). This stream of intergovernmentalism, liberal intergovernmentalism, rejects the idea that state interests are zero-sum. Instead, it favours the idea that economic interdependence produces gains for states that cooperate (Hooghe and Marks, 2019, p. 1116). Liberal intergovernmentalism, was established by Andrew Moravcsik in his book “*Choice for Europe: Social Purpose and State Power from Messina to Maastricht*” from 1998, where he presents a grand theory that explains the broad patterns of regional integration (Rosamond, 2000). Moravcsik (1993, quoted in Vollaard, 2018, p. 47) defines integration as “*policy coordination in regimes*”, where integration subsequently can



be expressed in terms of “*the geographical scope, the range of coordinated issues, the institutional set-up, and the impact on the participating states of a specific regime*”.

To explain European integration, Andrew Moravcsik presents liberal intergovernmentalist analysis consisting of a two-level game. The first level consists of a liberal theory of national preference formation and the second level consists of an intergovernmentalist account of strategic bargaining between states (Rosamond, 2000, p. 136). The main assumption of Moravcsik’s framework is that rational state behaviour does not emerge from fixed preferences, but rather from dynamic political processes in the domestic polity. The first level in the two-level game theorizes the demand for integration outcomes and sees national preferences arising in the contexts provided by the domestic politics of the member states. Moravcsik (1993, quoted in Rosamond, 2000, p. 137) view national interests as:

*“National interests ... emerge through domestic political conflict as societal groups compete for political influence, national and transnational coalitions form and new policy alternatives are recognized by governments. An understanding of domestic politics is a precondition for, not a supplement to, the analysis of strategic interaction among states”.*

From this understanding, national interests are best viewed as consequences of a state-society interaction. This understanding departs from classic intergovernmentalism where national interests are believed to arise in the context of the sovereign state’s perception of its relative position in the state system (Rosamond, 2000, p. 137). The demand-side of the process in Moravcsik’s two-level game highlights the advantages of the coordination of policy and of cooperative activity. When interests have been formulated they are then bargained in an intergovernmental fashion, which is viewed as the supply side in Moravcsik’s two-level game. The supply side, which is the domain of interstate bargaining, demonstrates the restricted range of possible integration outcomes. Three assumptions are here made about the bargaining environment in the EU. First, it is a situation that states enter into which is non-coercive. Second, interstate bargaining in the EU takes place in an “information-rich” setting. Third, the transaction costs of EU bargaining are low due to the long time-frame of negotiations and the innumerable possibilities for issue linkages, trade-offs and sub-bargains (Rosamond, 2000, p. 138). According to this framework, the process of intergovernmental bargaining at the European level also strengthens states vis-à-vis their home polities (Ibid.).

From this framework, the European integration process and the decision to integrate can be explained in three steps. First, national preferences are created at the domestic level, and government preferences are the result of preferences shaped by interest groups. The interests that primarily drive decisions to integrate are of economic character and issue-specific. Secondly comes intergovernmental bargaining, which is shaped by the asymmetrical interdependence between states. This means that, the states that are in least need of an agreement are the ones who are best positioned to determine the terms of the bargain. Third is then the creation of European institutions to secure the agreement (Hooghe and Marks, 2019, p. 1116).

Both the classical stream of intergovernmentalism and the more recent stream of liberal intergovernmentalism as well as the theory of spillover introduced above, are rationalist theories. This cost/benefit approach to European integration is an important perspective when wanting to examine the reasons that have been given for UK's integration with the EU. Still, this thesis also wants to explore if other reasons than rational calculations of interests can be observed in the analysis and will therefore supplement these theories with the more reflexive approach of constructivism. By applying the conceptual lens of constructivism and hereunder status theory, these approaches can give other explanations of the reasons given for of UK's integration process with the EU.

## 2.4 A Constructivist approach to European Integration

Social constructivism reached the study of the European Union in the late 1990s, and research inspired by social constructivism contributes substantially to European integration studies, both theoretically and substantially (Risse, 2017, p. 144). Risse (2017, p. 145), describes constructivism as *“based on a social ontology which insists that human agents do not exist independently from their social environment and its collectively shared systems of meanings (culture in a broad sense)”*. Constructivists particularly stresses the role of collectively held ideas and understanding of social life, and the main focus is on the role of ideas, norms, knowledge, culture, and arguments in politics (Finnemore and Sikkink, 2002). Constructivism is concerned with what has been called “social facts”, which are things that have no material reality but exist because there is a collective belief among people that they do exist. Social facts can be things like money, sovereignty and rights (Finnemore and

Sikkink, 2002, p. 393). Understanding how politics are influenced when social facts change is the main focus of constructivist analysis (ibid.).

Within the constructivist framework the structures of world politics are not material but social, meaning that structural properties are not fixed and external to the interaction of states but rather they are social constructs (Rosamond, 2000, p. 172). Within constructivism, it is the social environment around us that define who we are and the emphasis is on institutional effects on social identities and the fundamental interests of actors (Risse, 2017, p. 146).

Explaining the history of the EU through a constructivist lens would mean to look at what effects institutional decisions have had on the identities and interests of the governments of member states and their societies (Risse, 2017).

According to Risse (2017, p. 151), there are at least three ways in which social constructivism contributes to a better understanding of the European Union. Firstly, social constructivism allows for a deeper understanding of Europeanization and its impact on statehood in Europe by accepting that there is a mutual constitutiveness of agency and structure. With this emphasis, we can study the impact Europeanization has on member states and within their domestic arena. Secondly, social constructivism emphasizes the constitutive effects of European law, rules and policies. This enables us to study how social identities and the interests of actors are shaped by European integration. Following social constructivism, EU membership matters because it influences how actors see themselves and how they are seen by others. For example, Germany, France or Italy are not just European states, they are EU states. In this sense, they are not just defined as European states, but their statehood is increasingly defined by their membership to the EU (Risse, 2017, p. 148). The third way social constructivism can contribute to a better understanding of the European Union is its focus on communicative and discursive practices. Following the social constructivist approach, it is through discursive practices agents make sense of the world and how meaning to their activities are given. In this sense, words, language and how communication is expressed must be taken seriously in order to understand and explain social behaviour (Risse, 2017, p. 149).

From this review of constructivism and its application to the study of European integration, there are two focuses from the constructivist perspective that are believed to contribute to the research question of this thesis; the focus on how social identities and the interests of actors

are shaped by European integration and the focus on social facts. Wohlforth, de Carvalho, Leira and Neumann (2017), in their article “*Moral authority and status in International Relations: Good states and the social dimension of status seeking*”, discuss the social fact of status in international relations and the social dimension of status seeking. In relations to UK’s integration process with the EU, the status theory approach can contribute to the understanding of the reasons given for and against integration. The next paragraph will introduce status theory and look at the concept of status seeking.

#### *2.4.1 Integration, Disintegration and Status in International Relations*

Constructivism emphasises a relational perspective and stresses the role of collectively held ideas and understanding of social life (Finnemore and Sikkink, 2002). Further, constructivism is concerned with social facts, which are things that have no material reality, but exist because there is a collective belief among people that they do exist (ibid.). Wohlforth, de Carvalho, Leira and Neumann (2017, p. 527) define the concept of status as a social fact, and how status seeking is a core state activity. This section will present the concepts of status and status seeking in international relations and how a status theory approach can contribute to the understanding of the reasons given for UK’s integration with the EU.

In international politics, a state’s status can be defined as its “*standing, or rank, in a status community*”, which is related to “*collective beliefs about a given state’s ranking on valued attributes*” (Wohlforth, de Carvalho, Leira and Neumann, 2017, p. 527). Following Wohlforth et al. (2017, p. 527) the concept of status has three qualities: it is positional, it is perceptual, and it is social. It is positional in the way that status assumes meaning to actors in comparison with other relevant actors. It is perceptual, in the way that status has to do with what people think of self and others. Status is social, meaning that the beliefs in play are collective beliefs about a given actor’s standing in relation to others (Wohlforth et. al, 2017, p. 527).

Status has to do with the social relations between states. It is not about how one views the other or vice versa, rather it is the collective belief in a community, it is a social fact. It is the collective belief in a status community that determines an actor’s status, and the community can both consist of peers or non-peers. If a state is dissatisfied with its status, the source of the problem and the reason for that state’s dissatisfaction is that the collective belief of the community which that state is a part of does not rank the state’s status as it would like to be

ranked. When a state seeks status, the same collective beliefs are the reason for the efforts of status seeking (Wohlforth et. al, 2017, p. 527).

Status means the condition of filling a place in a social hierarchy (Wohlforth et al., 2017). With this understanding, all states, both great powers and small and middle powers play a role in the recognition of status. For example, for a great power, which would have the highest status ranking in the social hierarchy, it must first be a collective belief among its community, which will consist of both small and middle powers, that a state is a great power. Socially, state identities are hierarchized. We term states as “small powers”, “middle powers” and “great powers”, but the identity of a “small state” would not have been defined as a small state if it was not constituted in relation to a great power, showing that there is a social hierarchy of states. A state’s place in the hierarchy of states will also affect its place in global politics. When states undertake acts either to maintain their position in the hierarchy or better one’s placement they are practicing status seeking. The goal of status seeking is then to better one’s position on the international political map. In this sense, status seeking can be seen as a subcategory of state identity politics. Further, it follows that status is attached to the concept of recognition, in the way that if a state is not recognized there will be no status (Wohlforth et al, 2017). Seeing that status seeking can be said to be a core state activity, this conceptual lens seems to be of high relevance in the study of UK’s integration process with the EU considering Britain’s earlier perceived status with the British Empire and Britain being perceived as being one of the Great powers after the Second World War while today Britain could be said to be more of a “middle power”.

## 2.5 European Integration Theory – A Summary

This chapter has introduced two of the grand theories to the study of European integration as well as a constructivist approach to the European integration process. These theories have been introduced as they will be used as the theoretical perspectives when observing reasons that have been given for UK’s integration with the EU in the case-analysis. With neofunctionalism and intergovernmentalism, we can examine UK’s decisions from an instrumental perspective, focusing on the cost/benefits and problem-solving approach to integration. With a constructivist approach, which emphasise a relational perspective to European integration, we can supplement the instrumental approach by also observing whether other reasons have been given for UK’s integration process. Within the constructivist

approach, this theory chapter has given attention to the concept of status and status seeking as this approach to the study of UK's decisions on integration is believed to contribute to a broader understanding of UK's reasoning.

### **Chapter 3: Research Methodology**

When conducting research, we have to decide on which research strategy to follow as this will guide us through the research process. In this chapter, the research methodology for this study will be introduced, and the key concepts in the research process will be explained. The research strategy for this thesis is a qualitative approach as the focus of the study is explorative and aim to gain knowledge on what have been the reasons for UK integration with the EU and how these have changed over time. The research design is a case-study, where the main case is a historical case-study of UK's integration with the EU with the aim to explore Brexit as a process. The data collection is three case-studies drawing on secondary literature suited to answer the research question presented in chapter one.

#### **3.1 Research Strategy**

When choosing a research strategy, which refers to which general orientation the conduct of the social research will have, there are two strategies to follow: qualitative or quantitative research strategy (Bryman, 2016). The choice of research strategy determines your research process. Quantitative research normally follows a deductive approach to research, while qualitative research normally has an inductive approach. The deductive and inductive approaches have to do with the relationship between theory and research where the deductive approach draws on what is already known to deduce hypothesis and test theory, while with the inductive approach theory is the outcome of the research (Bryman, 2016, p. 21). Further, there are epistemological and ontological differences between the two research strategies. An epistemological issue concerns the question of what is, or what ought to be, regarded as acceptable knowledge in a discipline. Ontological considerations have to do with the nature of social entities and whether social entities should be considered as objective entities that have a reality external to social actors or if social entities are social constructions built on perceptions and actions of social actors. For quantitative research the epistemological orientation follows the natural science model, especially positivism. Qualitative research on the other hand has an interpretivist orientation, which is founded up on the view that *“a strategy is required that*

*respects the differences between people and the objects of the natural sciences and therefore requires the social scientist to grasp the objective meaning of social action”* (Bryman, 2016, p. 26). Interpretivism stresses that to understand the social world we have to examine this world through the interpretations by its participants. When it comes to ontological orientation, quantitative research has an objectivist position, while qualitative research has the ontological position of constructionism (Bryman, 2016). Further, quantitative research is a research strategy that emphasize quantification in the collection and analysis of data, while qualitative research usually emphasizes words rather than numbers in the research method and analysis (Bryman, 2016, p. 33).

Of the two research strategies, the research strategy that was viewed to be most useful to answer the research question in this study was a qualitative approach. The research question is of explorative character and the question is quite open-ended, and according to Bryman, (2016, 78) with these characteristics a qualitative design tent to be most suited. From the research processes that follow each of the research strategies, a qualitative approach seems to be most useful for the answering of the research question. This study has an inductive approach to the relationship between theory and research, where theory is an outcome of the research rather than guiding it. Further, this study takes an interpretivist position, where the aim is to get a better understanding of Brexit as a process by examining what reasons have been given for UK’s integration with the EU and how these have changed since the accession in 1973.

### 3.2 Research Design: A Historical Case Study of UK’s Integration with the EU

A research design can be defined as the plan for how the research study will be conducted (Berg and Lune 2012, p. 41). When evaluating social research, the chosen research design will also determine which quality criteria to be used (Bryman, 2016). With this thesis following a qualitative research strategy there are different research designs to choose from, such as experimental design, cross-sectional design, longitudinal design, case-study design and comparative design. The chosen research design will have an impact on the research method, which is the technique for collecting data (Bryman 2016: 40). Which design to choose depends on the research subject and research question, and one has to reflect on what is to be given priority in the research process. Before choosing a research design one has to consider what the aim with the research is, and considerations that have to be taken include

the importance attached to if the research aims at expressing casual connections between variables, generalizing to larger groups of individuals than the sample, understanding behaviour and the meaning of that behaviour in its specific social context or having a temporal appreciation of social phenomena and their interconnections (Bryman, 2016, p. 40).

The chosen research design for this thesis is a case-study design. A case study is an in-depth analysis of a single case, where the emphasis is on an intensive examination of the setting (Bryman, 2016, p. 60). A case study can be applied to a person, place, event, period, phenomenon or other types of subjects with the aim to identify central themes (Yin, 2003). It is important to note that with a case study, the purpose is to investigate a specific case where the aim is to clarify the realities of that specific case, not to find a universal explanation (ibid.). This research explores Brexit as a process through a historical case-study of UK's integration with the EU. Brexit is a complex phenomenon, with UK being the first member-country wanting to leave the European Union. By doing this case-study and examining three critical events in UK's integration with the EU, this study can contribute to the understanding of why the UK decided to leave the European Union in 2016.

The case-study is situated in the time period from after the Second World War when the planning of a European Community started till 2016 when UK voted to leave the European Union. This is a long time period, and it is not possible to cover each and every event that might contribute to explaining the reasons for UK's integration with the EU. Still, this thesis does wish to examine how the UK's reasoning for EU membership have changed over time, implying that we do need to have a certain time frame. With this in mind, three events viewed to be critical in explaining UK's integration process with the EU over time were chosen; British EEC membership 1973, UK and the European Monetary Union, UK's Integration with the EU: The Choice to leave. These three events can also be viewed as individual cases, but for the purpose of this thesis, they are used in the analysis. In other words, these three individual cases together make up the historical case-study of UK's integration with the EU. These cases contribute to understanding why the UK became a member of the European Economic Community, why they decided to stand outside of the European Monetary Union and finally, why they decided to vote to leave the European Union in 2016. With these three cases, it will be possible to see if the reasons given for UK's EU integration has changed over time and explore Brexit as a process.



### 3.3 Sampling Approach: Purposive Sampling of Cases

With this being a qualitative study, the most appropriate sampling approach is purposive sampling. This is a non-probability form of sampling where the aim is to sample cases that are relevant for the research question, and not sample units on a random basis. In other words, the cases that are selected for this study are selected because of their relevance to the research question. Because this is a non-probability form of sampling, it is not possible to generalize the findings to a population (Bryman 2016, 408). In search of which cases would be relevant for the research question, UK's integration history with the EU was discussed and this exploration led to the identification of three events that would be useful to study. To organize and be certain that these events were the right choice for this research, criteria for selecting units of analysis were also established:

1. All cases must be within the time-period from after the Second World War when discussions of a European Economic Community started, till 2016 when the UK decided to leave the European Union.
2. At least one case must represent a moment in time where the United Kingdom wanted to become a part of the European Union.
3. At least one case must represent a moment in time where the United Kingdom chose to resist integration or further integrate with the EU.
4. At least one case must represent UK's decision to leave the European Union.
5. All cases must be defined as critical cases for UK's integration with the EU.

As we can see, the cases that need to be sampled have different characteristics. To be able to answer the research question, it was decided that there need to be different cases representing different aspects of UK's integration with the EU to be able to examine how the reasons that have been given for UK's integration with the EU have changed over time and to be able to see Brexit in a broader perspective.

From the discussions of UK's integration history with the EU and the criteria established for sampling units of analysis, three cases were selected:

Case 1: British EEC-membership 1973

Case 2: UK and the European Monetary Union

Case 3: UK's Integration with the EU: The Choice to Leave

Case number 1, "British EEC-membership 1973", was chosen based on criteria 1, 2, 3 and 5 and covers the period from after the Second World War till the accession in 1973. One might argue that the time period for this case is rather long. Originally it was thought that the time period would be from around the 1970s, but as the literature review went on, it became clear that becoming a member of the EEC in 1973 had been a process that started in the post-war era. Therefore, to be able to understand the reasons given for UK's integration with the EU it is seen as necessary to examine the UK-EU integration from the start to be able to understand UK's integration process, and what reasons had been given for UK resisting integration in the beginning to then turn around and start an application process in the 1960s.

Case number 2, "UK and the European Monetary Union", was chosen based on criteria 1, 3 and 5. The forming of the European Monetary Union and the introduction of the single-currency 1 January 1999 is a significant moment in the history of European integration. When the Maastricht Treaty was signed, UK was given an opt-out clause which allowed it to delay a final commitment to joining the EMU, which we can characterise as a critical event in UK's integration with the EU. Examining the reasons given for not committing to the single-currency can contribute to the overall understanding of UK's integration with the EU.

Case number 3, "UK's Integration with the EU: The Choice to Leave", was chosen based on criteria 1, 4 and 5. On 23 June 2016, the United Kingdom voted to leave the European Union, turning UK's integration process with the EU into a disintegration process. Examining the reasons given for the decision to leave the EU together with the two former cases, will give an overall understanding of UK's reasons for wanting to both integrate and disintegrate and can contribute to a wider understanding of Brexit as a process when viewed in a historical perspective.

### 3.4 Research Method and Analysis

Research method is the technique for collecting data (Bryman 2016, p. 40). According to Bryman (2016) there are different techniques of collecting data and different types of data.

We distinguish between primary data and secondary data, where the former is data collected by the researcher, while secondary data is already existing data collected and analysed by others (Bryman, 2016, p. 309). When collecting data for qualitative research, different methods can be used such as interviews, participant observation, focus groups and documents as source of data (Bryman, 2016). For this thesis, secondary literature is the main source of data, and the secondary literature used for this study is chosen on the basis of being relevant for answering the research question.

There are both advantages and disadvantages with using secondary data for analysis. One clear advantage is that it saves costs and time and there is access to a lot of high-quality data. Limitations to the use of secondary data in analysis includes the lack of familiarity with the data, no control over data quality and the absence of key variables (Bryman 2016, p 310 – 313). According to Bryman (2016), all types of documents can be used as sources in social research. For the purpose of this thesis and to examine these cases presented above, secondary literature in the form of books and academic articles, news articles and web-pages on the related subject have been used. The next paragraphs will introduce the secondary literature which have been applied to each of the cases, how these sources were chosen and why they are assessed to be good sources.

For the first case, “British EEC-membership 1973”, there was done a literature search. The literature search was mainly done in NMBU’s library with the search engine Oria, as well as searches through Google. The process started with trying to find sources that could tell us something about the history of UK’s integration process with the EU. Knowing that the United Kingdom first became a member of the European Community in 1973, there had to be literature on why this integration process had taken so long. With this case going back in time, it seemed appropriate to search for literature describing the history of UK’s relations with the EU, and literature describing UK’s process of becoming a member of the European Economic Community. With this type of literature, one would expect to find explanations for UK’s reluctance to the EEC in the beginning and explanations of why a EEC-membership was favoured from the beginning of the 1960s. There were several books on the topic of UK-EU relation, and the chosen literature for this case was a book called “*Britain and European Integration since 1945: On the Sidelines*” from 2010 by David Gowland, Arthur Turner and Alex Wright. This book gives a historical background to UK-EU relations, going through the history of UK’s integration process with the EU. For the purpose of this thesis, examining

what reasons have been given for UK's integration with the EU, this literature was chosen as the main source for the analysis of the first case as it gives insight as to why the UK for a time wanted to stand outside the European Economic community and describes the changes occurring and the motivations for applying for membership. Relying only on this source for the assessment of this event is viewed to be a limitation to the study and will affect the analysis seeing that there will be other literature that also address the same topic and could have given other assessments of the same event. In retrospect, it would have been preferred to have more sources than one covering this case. Still, this study does not aim to generalize or cover all reasons given for UK-EU integration. Rather, the aim is to observe what reasons have been given in the sources sampled for this case for UK's integration process with the EU. The literature chosen for this case does give an extensive description of the EU-UK relationship and is viewed to contribute to answering the research question.

For the second case, "UK and the European Monetary Union", there was also done a literature search, mainly through NMBU's library with the search engine Oria as well as searches through Google. With the research question in mind, what needed to be addressed in this case were what reasons have been given for the UK not wanting to commit to the European Monetary Union. From the literature, it was not found descriptive articles or books on the issue such as with the first case. What much of the literature on this topic did focus on was whether it would be beneficial or not for the UK to join the EMU, often analysed through economic analysis'. Still, this literature was applicable to this study and viewed to be useful for answering the research question. By examining articles where economic analysis' had been done, several of them being in favour of membership to the EMU and UK still standing outside, this could help us understand UK's reasoning for not wanting to adopt to the single-currency. The articles that are used in the analysis of case number two are as follows: "*Convergence criteria and EMU membership: Theory and evidence*" by Mark Baimbridge, Brian Burkitt & Philip Whyman, published in the Journal of European Integration. This article discusses if EMU is beneficial or not for the EU as a whole and for the UK in particular. The second article "*The UK and EMU: Choosing the regime*" by Ray Barendse published in the National Institute Economic Review, discusses the benefits for UK to join the EMU, but it also assesses the economic tests that were used to determine UK's decision not to become a member of the EMU. The third article used in this case was "*Should the UK join EMU?*" by Michael Artis published in the National Institute Economic Review and it considers the economic case for UK membership of EMU. The last article, "*The Maastricht Treaty as*

*High Politics: Germany, France and European Integration*” by Michael T. Baun published in Political Science Quarterly, discusses the Maastricht Treaty as a political response, but it also gives insight to UK’s response to the Treaty which is the reason for this article being one of the sources for this case. One news article has also been used in this case analysis, this for the announcement made by the Chancellor when UK decided not to join the European Monetary Union. For the purpose of this thesis, examining what reasons have been given for UK’s integration with the EU, this literature was chosen as the main source for the analysis of the second case as it assesses reasons for and against membership to the EMU and are viewed to help answer the research question of this study.

For the third case, “UK’s Integration with the EU: The Choice to Leave”, the search was done in NMBU’s search engine Oria with the search word “Brexit”. After a literature search over articles written on the subjects of the referendum and Brexit, several academic articles contribute in this case, as well as news articles and the web pages for the Leave campaign and the Remain campaign. The academic articles chosen as sources for this case, all discuss the reasons for the referendum and the causes for Brexit and were viewed as useful to answering the research question. The articles that form the secondary sources for the third case are:

“*Introduction: Studying Brexit’s causes and consequences*” by Daniel Wincott, John Peterson and Alan Convery. “*Inevitability and contingency: The political economy of Brexit*” by Helen Thompson. “*Taking back control? Investigating the role of immigration in the 2016 vote for Brexit*” by Matthew Goodwin and Caitlin Milazzo. “*When Polanyi met Farage: Market Fundamentalism, economic nationalism, and Britains’s exit from the European Union*” by Jonathan Hopkin. “*How Brexit was made in England*” by Alisa Henderson, Charlie Jeffery, Dan Wincott and Richard Wyn Jones. “*Populist referendum: Was “Brexit” an expression of nativist and anti-elitist sentiment?*” by Evgeniia Iakhnis, Brian Rathbun, Jason Reifler and Thomas J. Scotto. “*The Brexit vote: a divided nation, a divided continent*” by Sara B. Holbolt. “*Who voted for Brexit? A comprehensive district-level analysis*” by Sasha O. Becker, Thiemo Fetzer and Dennis Novy. “*Brexit, Trump and the special relationship*” by Graham K. Wilson.

These articles discuss the path to the referendum and the reasons for why the British electorate voted to leave the European Union. All these articles are published either in the British Journal of Politics and International Relations, Journal of European Public Policy, Research and Politics or Economic Policy. All of which are well known journals in their respective fields. They focus on different reasons given for the outcome of the referendum,

and all these articles are an important contribution to answering the research question in this study.

The secondary literature used for analysis in this case-study is assessed to the best of my ability following the four criteria suggested by Scott (1990 in Bryman, 2016, p. 546) used to determine the quality of the sources: *authenticity*, *credibility*, *representativeness*, *meaning*. The first criteria, authenticity, has to do with whether the source is authentic and if we are certain of the origins of the document. The secondary sources used for the case analysis in this study are viewed to be authentic as they are all collected from well-known scientific journals and publishers. The news articles are collected from BBC, a well-known news broadcaster, the website UK data services is a website that delivers social and economic data resources, and the campaign web sites are the official websites of the Leave and Remain campaigns. The second criteria, credibility, has to do with if the document is free of error. To the best of my knowledge, there is credibility of the sources used in the case analysis. I have not gone through the literature to see if I can detect errors, but as the sources are authentic, it seems reasonable to be of the impression that they also then are credible. The third criteria, representativeness, has to do with whether the conclusions or evidence in the sources are representative of its kind. The sources in this study are assessed to be representative, seeing that after the literature search I find that the same topics, arguments and conclusions are drawn. Still, there has been done a selection of sources in this study, and other conclusions and evidence can have been drawn in other literature covering the same topic. The fourth criteria, meaning, has to do with whether the evidence is clear and understandable. The literature used in this study is assessed to give meaning to the field they are contributing to.

### 3.5 Quality Criteria

Social research is evaluated by the use of several quality criteria, with reliability, replication and validity being the three most prominent ones (Bryman 2016, p. 41). Reliability refers to if the results of a study are repeatable, meaning that if the study was repeated with the same methods, the results would be the same. The issue of reliability is also concerned with whether there is consistency in the measures devised for concepts. Replication is concerned with whether the study is replicable, meaning that for a study to be replicable the research process and procedures must be explained in detail, which according to Bryman (2016) is quite rare in social research. Validity is concerned with the integrity of the findings from the

research study. The main facets of validity are: measurement validity, internal validity, external validity, ecological validity and inferential validity (Bryman, 2016, p. 41 - 42). For a conclusion generated from a research study to be valid it must first be reliable (Field et al. 2012, 12). Still, it has been argued that these quality criteria are best applicable to quantitative research, and therefore there has been developed a set of alternative criteria when evaluating qualitative research (Bryman, 2016, p. 384). The two primary criteria that are proposed better suited for evaluating qualitative research are: trustworthiness and authenticity.

Trustworthiness includes the study's credibility, transferability, dependability and confirmability, while authenticity refers to issues concerning the broader political impact the research has. Trustworthiness and authenticity can be said to provide the alternative for reliability and validity used in qualitative research (Bryman, 2016).

According to Bryman (2016, p. 384) trustworthiness is made up of four criteria: credibility, transferability, dependability and confirmability. Credibility parallels internal validity and looks at whether the conclusions drawn from a study are feasible. Transferability refers to whether the findings holds in in another context, which parallels external validity though not to the extent of generalization. Still, because qualitative studies often entail the deep and intensive study of a small group, transferability is more of an empirical issue. Therefore, under this criterion, it is encouraged to produce thick descriptions of the study which then others can use to make the judgement whether the findings are applicable to other settings (Bryman, 2016, p. 384). The criterion of dependability relates to reliability. The idea here is that the researcher should keep an audit trail, meaning that records are kept of every step of the research process. Confirmability is concerned with the researcher acting in good faith. Even though complete objectivity is impossible, the researcher should not allow personal values or biases influence the research (Bryman 2016, p. 386).

The findings from this study are believed to be feasible, but there are some limitations to the data collection. For the first case-study, the analysis relies on one main source for the assessment of the event. This can have affected the credibility of the findings in this study as there can be other literature that also address the same topic but where different conclusions have been drawn. Still, when presenting the findings, it is made clear throughout the study that the analysis of this event is based on this particular source.

## **Chapter 4: UK's Integration and Disintegration with the EU: Three Historical Comparative Case-Studies**

This chapter will present the analysis of the three cases: British EEC Membership 1973, UK and the European Monetary Union, and UK's Integration with the EU: The Choice to Leave. The aim of the analysis is to examine the collected sources for each case and observe from both a rationalist explanation and from a constructivist/status theory explanation what reasons have been given for UK's integration with the EU. The analysis of these three cases make up the foundation for answering the research question of this study:

*What reasons have been given for the UK's integration with the EU? And how have these changed since the accession in 1973?*

### **4.1 British EEC Membership 1973 – No Other Alternative?**

The creation of the European Union started in the 1950s through the establishment of three separate organisations: the European Coal and Steel Community (ECSC) in 1951, the European Economic Community (EEC), in 1957, and the European Atomic Community in 1957 (EU, 2019). The political goal of these communities was to create a stable foundation for peace in Europe, which was believed to be reached through mutual dependencies. The purpose of the ECSC and EEC was to promote economic growth and better the living conditions of Europe's population by creating a single market for goods, capital, services and labour (Hovi and Underdal, 2008; EU, 2019). When created, the ECSC consisted of six European countries: Belgium, France, Italy, Luxembourg, the Netherlands and West-Germany (the Six). Britain, at the time had limited interest in the ECSC and choose to stand outside. Ten years later, in 1961 Britain made their first application to the EEC, and then again with the labour government of 1966-70, both applications were rejected. On their third attempt of becoming a member of the EEC, the application was granted and the UK became a member of the EEC in 1973 (Gowland, Turner, and Wright, 2010).

This case examines the reasons given for UK's integration process with the EEC in the time period between the post-war era and the accession in 1973 based on the book by David Gowland, Arthur Turner and Alex Wright; "*Britain and European Integration since 1945: On the Sidelines*" from 2010, collected as the source for this case. According to Gowland, Turner



and Wright (2010), there were three periods after the Second World War that were of critical importance in determining the nature and extent of British involvement in the formative stages of post-war European organization: 1) the period from January 1948 to January 1949, starting with British Foreign Secretary Ernest Bevin, and his Western Union speech, 2) the period from May – June 1950, with the introduction of the Schuman Plan resulting in the European Coal and Steel Community, and 3) the period from June to November 1955, with the plans of a common market resulting in the European Economic Community in 1957. In the next sections, each of these periods will be introduced as they contribute to UK's reasoning for its integration process with the EU. The first section observes the reasons for Britain's limited involvement in post-war European organization, the second section observes the reasons for UK's choice to not commit to the Schuman plan and become a member of the ECSC, and the third section observes the reasons for why Britain's chose to apply for EEC membership. Finally, it is examined what we can observe from the sources on this event from a rationalist and relational explanation of the reasons given for UK's integration process in this time period.

#### 4.1.1 Britain and post-war European Organization

In January 1948, British Foreign Secretary Ernest Bevin held his Western Union Speech where he expressed support for an expansive view of European Unity. Still, this view was terminated by an official definition expressing the limits of British involvement in the post-war reconstruction and organization of western Europe (Gowland et al., 2010). According to Gowland, Turner and Wright (2010) the main reasons for UK's limited involvement with Europe at this time was; the widespread negative perception of mainland Europe both by British policy makers and the public, Britain's perception of itself and by others as a great power, differences in resources between Britain and Europe, and Britain's trading and financial interests beyond rather than within Europe.

The Second World War had shaped the attitudes of British policymakers and public concerning involvement in mainland Europe and the wartime experience had strengthened an inherent sense of insularity and detachment from the continent. In Britain, the widespread and embedded perception of Europe was that the continent was a source of war, disorder and undemocratic politics. Europe was viewed with contempt for the weaknesses of individual European countries and German phobia was widespread. These perceptions of Europe created

distrust and weakened the case for mainland European enlargements (Gowland et al., 2010 p. 42). Also, the wartime record of Britain and mainland Europe were different. Britain had escaped the trauma of invasion, defeat and occupation, and this record was viewed as affirming rather than calling into question the strength of British national culture, institutions and sovereignty. According to Gowland et al. (2010), British policymakers and the public felt a strong sense of moral superiority after the war, and of unequalled leadership qualities in Europe. Further, with Britain's status as one of the three major victorious allies alongside the USA and the USSR, and with its overseas ties through the commonwealth and Empire, seemed to confirm its position as a global power, at least outwardly (Gowland et al., 2010, p. 42). In reality, Britain displayed the characteristics of a second-class power where they were military dependent of a powerful ally, they were economically vulnerable, they experienced imperial overstretch and their options on the international arena were limited. Britain came out of the war with few material goods compared to the USA and USSR and with virtual bankruptcy. Still, there was little appreciation for that Britain no longer in reality was a global power (Gowland et al. 2010, p. 43).

According to Gowland et al (2010), there were several factors that shaped British policy toward post-war European organization. First of all, there was a difference in resources between Britain and mainland Europe. Britain had the advantages of the Commonwealth markets, colonial resources, London's position as a financial centre and large armed forces. Further, Britain and the US developed a close peacetime alliance, and they soon acquired nuclear weapons. For Britain, at the time, Europe was not an essential element in the recovery of Britain's post-war economy, and the advantages they had indicated that Britain was still standing as a world power. Secondly, Britain's trading and financial interests beyond rather than within Europe was given priority, and Britain did not want the economic, commercial and financial ties associates with the British Empire and the Commonwealth to be affected by any of Britain's European commitments. At this time, the Commonwealth (as it was known after 1949), extended to a quarter of the world's land mass and was a symbol of British power and independence in the world. By 1949, there was a consensus between policymakers that Britain must not integrate too closely with Western Europe because it would compromise its independence and reduce its strength. The limits of British involvement in the European integration process were now clearer than when Foreign Secretary Bevin first expressed support for some form of Western European union (Gowland et al., 2010).

#### 4.1.2 The Schuman Plan, the Creation of the ECSC and British Distrust

In 1950, the French foreign minister, Robert Schuman, introduced a plan for a European coal and steel community. The Schuman Plan proposed to place all Franco-German coal and steel production under a common High Authority in an organization open to the participation of the other countries of Europe. The most distinctive part of the plan was that the High Authority would be a supranational institution with powers independent of the governments of the member states (Gowland et. al., 2010, p. 51). The purpose of the Schuman Plan was to make the first step towards the creation of a European federation and that this could help overcome the conflicts in Franco-German relations. Britain was not involved in the formal negotiations concerning the plan, and they concluded that they would not suffer intolerable if they stayed out of the plan. Gowland, Turner and Wright (2010) argue that the reasons given for UK standing outside the ECSC was the supranational dimension of the plan, the continuing distrust in Europe, and differences in priorities and interests.

The formal reason given for the problems of British membership to the ECSC was the supranational dimension of the Schuman plan, where Britain would have to accept that a supranational institution would have powers independent of the governments of the member states. Still, another reason that have been given for their decision not to go on to membership with the ECSC was the differences in the perspectives, priorities and policies between Britain and France. The British perception of distrust in Europe was still present, and first of all they were not sure of French's intentions. Also, there were different views on how the state of West Germany best could be organized (Gowland et. al., 2010, p. 55). Another difference that contributed to dissimilar policies were their different interests and resources in the heavy industrial sector. Britain accounted for 48.9 per cent of the total coal production while the Six combined accounted for 35.5 percent. Also, roughly 60 per cent of total British exports went to the Commonwealth, while Western Europe accounted for 5 per cent of total British steel exports. With this dominant position in the coal and steel production, Britain concluded that they would not suffer intolerable if they stayed out of the plan (Gowland et al., 2010, p. 60).

For Britain, they saw no reason to enter into negotiations concerning the Schuman Plan as the key features of Britain's claim to great power were either in place or soon to be in place, such as the sterling area and sterling as a global currency. Furthermore, the British government was satisfied with what the western international system had developed through the development

of the Atlantic Alliance, the special relationship between Britain and the US and Britain as the centre of three interlocking circles: Europe, the Commonwealth and North-America (Gowland et al., 2010, p. 60).

#### 4.1.3 From Standing Outside to Applying for Membership – What Changed?

In 1955, the Six set in motion a process that resulted in the treaties of Rome and the creation of the European Economic Community (EEC) and the European Atomic Energy Community (EAEC). Britain was invited to participate, but there was no British representation. This response was largely determined by general notions of Britain's role in the wider world (Gowland, Arthur and Turner 2010, p. 61). Britain's reaction to not participate can be explained by the prevailing view of British policymakers that Britain still was one of the three great powers and that they had a pivotal position in the interlocking circles of Europe, Commonwealth, and North-America. It had been recognized by British policymakers that Britain was experiencing a diminishing international status, but there was still some substance to this British-centred view of the world. Still, there was a widespread opinion that British leadership in Europe was already assured and Britain did not take the Six's effort to pursue European integration too seriously (Gowland, Arthur and Turner 2010, p. 61).

Six years later, Britain, with Prime Minister Macmillan applied for membership to the EEC which was a failed attempt. The second application to the EEC came with the Labour government of 1966-70 which also was denied. This was followed by a third and successful application by the Conservative government of 1970-74 with Britain becoming a member of the EEC in 1973 (Gowland, Arthur and Turner 2010, p. 68). According to Gowland, Arthur and Turner (2010, p. 69), there were three common expressions that captured the mood among political leaders in the period when Britain was seeking membership; "We've been caught out", "We must do something" and "There is no alternative".

According to Gowland et al. (2010), the overall motivation for Britain to seek membership to the EEC can be said to be the diminishing appeal of alternatives to EEC membership. There were several driving forces that led Britain to apply for membership and Britain's economic problem was undoubtedly a factor that contributed to the application both in 1961 and 1966 (Gowland, Arthur and Turner 2010, p. 86). The Commonwealth was now viewed more as a liability than as an asset, and this view of its political and economic value carried over into the

1960s both in the Foreign Office and elsewhere (Gowland, Arthur and Turner 2010, p. 83). Prime Minister Macmillan argued that EEC membership could make their industry more competitive in a non-interventionist economic culture. Also, the Labour government had economic considerations in mind when EEC membership was applied for the second time. Britain had a persistent problem of slow economic growth and the government's economic and monetary policies had failed to turn this around (Gowland et al., 2010).

Besides economic motives, what contributed to the decision to apply for membership were political factors where matters of status and prestige often were involved (Gowland, Arthur and Turner 2010, p. 87). British policymakers were sensitive about the need to ensure that Britain's allies "*understand and appreciate us and that our claim to rank as leader does not lapse by default*" (Gowland, Arthur and Turner 2009, p. 88). At this time, there was a change of power relations, and Britain saw that EEC membership could enhance their status and leadership aspirations. This was also an important motivation when applying for the second time, where it was a growing awareness that standing outside of the EEC was not attractive and that Britain's global role could no longer be sustained. This was explained by especially the growing concerns of the Commonwealth and that the "special relationship" they had had with US was less and less evident (Gowland, Arthur and Turner 2010, p. 89 – 97).

Following Gowland et al. (2010), Britain applied for membership for the third time it was with a determination to hew out a new role for Britain in the world and there was consensus within the government that the only real alternative was to join the EEC. There were four alternatives to the EEC membership: "Go-it-Alone policies", which was argued to do damage to Britain's relations with the EC and the US. "Cooperation with European countries outside the EC", which was not viewed to be a realistic alternative as close ties to Eastern Europe did not offer particular commercial risks and in could affect relations with the US. The third alternative "new forms of association with non-European countries", was ruled out as the Commonwealth was adjusting to new centres of power in the world and Britain did not have the leverage to reverse this trend. Also, this alternative meant that Britain would face US competition, and it could lead to Britain having no political base in the world and rather being overshadowed by the US. The final option, "cooperation with the EC" had some advantages, but was outweighed by disadvantages, especially that this type of cooperation could meet public opposition if they were to fail for the third time in seeking EC membership (Gowland et al, 2010, p. 103 -105).

It has been argued that Prime minister Heath, when applying for EEC membership the third time, pursued this goal single-minded. He is viewed as the most European-centred of all British Prime Ministers since 1945 and unlike his predecessors and successors as well as the British public, he viewed the EEC as an unfinished creation that over time could turn into a federation. Also, unlike earlier Prime Ministers he did not worry about the “special relationship” with the US and he had no interest in maintaining this relationship. Further, he did not have any attachment to the Commonwealth and did not follow the rhetoric about its value and future (Gowland et al., 2010).

#### 4.1.4 European Integration Theory and UK’s Integration with the EEC

Neofunctionalist theory can provide a framework for understanding the reasons why the UK applied for membership to the EEC, but also why there was a halt in the integration process. From a neofunctionalist perspective, the halt in UK’s integration process with the EEC can be explained by the concept of spillback, hereunder countervailing forces. According to the concept of spillback, the integration process can come to a standstill if countervailing forces such as sovereignty-consciousness, domestic constraints and diversity between member states are present. In the case of the UK, reasons given for continuing “status-quo” after the Second World War, was in large the perception of the British policy makers and public in general that the European continent was a source of war, disorder and undemocratic politics. In other words, there was a distrust in Europe. This can also explain their main official reason for not going into the Schuman Plan negotiations where they would have to accept that a supranational institution would have powers independent of the governments of the member states. Further, with Britain and France having different perceptions and priorities, this diversity, which neofunctionalism also view as a countervailing force to integration would also have a negative effect on the integration process.

The key concept of neofunctionalist theory is the concept of spillover, and in the case of UK’s integration with the EEC, geographical spillover, seem to offer an explanation. Early neofunctionalism did not pay much attention to the geographical expansion of the ECSC and EEC, but Haas (1958) did talk about “geographical spillover” (Niemann and Schmitter, 2009, p. 23). According to this concept, as integration proceeds, the neighbouring countries will be affected and attracted to the regional integration project and seek membership (MacMillan,

2009). In the case of Britain, a process of geographical spillover can explain their attraction to membership to the EEC. They saw that the integration of economies in mainland Europe was successful, while at home they had economic problems and slow economic growth. As stated above, there were three common expressions that captured the mood among political leaders in the period when Britain was seeking membership; “We’ve been caught out”, “We must do something” and “There is no alternative” (Gowland et al. 2010, p. 69).

Neofunctionalism offers part of the explanation for the reasons given for UK’s integration process with the EU. If viewed from an intergovernmentalist perspective, the concept of balance of power seems appropriate to mention. Following classical intergovernmentalism, integration is a reply to shift in the balance of power. The wartime records of Britain and Europe were very different. Mainland Europe had been reduced in their powers, while Britain had come out of the war as one of the three major victorious allies alongside the US and the USSR. Further, the differences in Britain’s priorities and perceptions compared to mainland Europe, and especially France, can be explained as one of the reasons integration did not occur at this time. For intergovernmentalists, integration will only occur if it is in the interest of the state, and integration is not a product of supranational or functional pressures as neofunctionalists would argue. In this sense, from an intergovernmentalist perspective, UK’s integration process with the EU was not a product of geographical spillover, rather the UK became a member of the EEC because it was in the state’s interest to do so. For intergovernmentalist, the reasoning to integrate are primarily of economic character, and from this perspective the reasons for UK’s integration with the EEC can be explained by UK’s belief that membership would make their industry more competitive and reverse their problems with slow economic growth.

Both neofunctionalism and intergovernmentalism are rationalist theories and viewing the given reasons for UK’s integration with the EEC offers a different explanation when viewed through the lens of constructivism and social facts. As mentioned in chapter 2, constructivists particularly stress the role of collectively held ideas and understanding of social life, and the main focus is on the role of ideas, norms, knowledge, culture, and arguments in politics (Finnemore and Sikkink, 2002). Explaining the history of EU integration through a constructivist lens would mean to look at what effects institutional decisions have had on the identities and interests of the governments of member states and their societies (Risse, 2017). Social facts were also defined in chapter 2, and are things which have no material reality but

exist because there is a collective belief among people that they do exist (Finnemore and Sikkink, 2002), it was argued that the concept of status is such a social fact (Wohlforth et. al, 2017, p. 527).

When examining the reasons given for UK's integration process with the EEC through a constructivist lens, one of the main reasons given for their reluctance to integrate seem to have to do with Britain's identity and Britain's perception of itself versus mainland Europe. The wartime records had affirmed British national culture, institutions and sovereignty, and British Policymakers and the public felt a strong sense of moral superiority after the war (Gowland et. al. 2010). From social constructivism, EEC membership influences how actors see themselves and how they are seen by others (Risse, 2017). With Britain's position in the world, perceived to be one of the great powers, EEC membership would not be compatible with how they viewed themselves and how they wished to be viewed by others. Further, from a constructivist perspective, the social fact of status and the activity of status seeking can contribute to explain UK's reasoning for both halting integration with the ECSC/EEC after the war, and their decision to start to apply for membership in the early 1960s. As mentioned in chapter two, status seeking, which refers to acts states take to maintain or better their placement in the social hierarchy of states, is a core state activity (Wohlforth et. al, 2017). In terms of status, Britain was one of the three major victorious allies alongside the USA and the USSR, and with its overseas ties through the commonwealth and Empire, confirmed its position as a global power, at least outwardly (Gowland et. al., 2010, p. 42). At this time, it therefore seems reasonable to assume that the status seeking in Britain's interest would be to maintain their position, and they therefore saw no reason to enter into negotiations with Europe to create a European economic community. When Britain decided to apply for membership to the then established EEC, one of the reasons can then be said to have been status seeking with the aim to better their position. At this time, it had been recognized by British policymakers that Britain was experiencing a diminishing international status (Gowland et. al. 2010). According to Gowland et. al. (2010), matters of status and prestige did matter in the decision to apply for membership, and Britain viewed a membership to the EEC as a way of enhancing their status. From a constructivist lens and how the changes in social facts effect politics, is here argued to be an important contribution to the understanding of the reasons given for UK's integration process with the EU.



From the sources on this historical phase we can observe that from a rationalist explanation the reasons given for UK's integration process with the EU are mainly of economic character. When choosing to stand outside the EEC, reasons given from the sources analysed emphasise that that Europe was not an essential element in the recovery of Britain's post war economy and that Britain's economic interests were beyond rather than within Europe, as for example the Commonwealth. Further, from a cost/benefit perspective, it was a difference in resources between Britain and Europe. As seen above with the coal industry at the time, Britain accounted for 48.9 percent of the total production while the six members of the ECSC accounted for 35.5 percent combined, further around 60 percent of Britain's total export was to the Commonwealth compared with around 5 percent being exported to Western Europe (Gowland et al., 2010, p. 60). When applying for membership, economic factors has also been given as reasons contributing to the applications. The Commonwealth had within this time started to be viewed as a liability rather than an asset, and it was now in Britain's interest to become a member as it was viewed as a way to make the industry more competitive and turn around the problems of slow economic growth (Gowland et al., 2010). From a constructivist/status theory explanation we can observe from the sources that the reasons given for UK's integration process with the UK can mainly be explained by Britain's perception of itself and of others and that their actions can be explained by status seeking. Choosing to stand outside the ECSC and EEC was at a time where Britain viewed itself as one of the great powers, as did the rest of the world and they felt a moral superiority towards Europe. In this phase, to keep their position it was viewed to best limit their involvement with mainland Europe. When deciding to apply for membership to the EEC, one of the reasons can then be said to have been status seeking with the aim to better their position as at this time, it had been recognized by British policymakers that Britain was experiencing a diminishing international status.

#### 4.2 UK and the European Monetary Union - An Issue of National Economic Interest?

In the step of becoming a European economic and political unity, the European Community leaders gave their approval to the Treaty on European Union in 1991 where they met in the Dutch town of Maastricht. The centrepiece of the Treaty was an agreement to achieve a full monetary union by the end of the decade. The Treaty was ratified and enacted on 1 November 1993, and represents a significant moment in the history of European integration (Baun, 1995-1996, p. 605). There had been earlier attempts at a European monetary union decades earlier,

but this had foundered away because of global monetary instability in the beginning of the 1970s. When economic and political conditions bettered in the late 70s, a new attempt at a monetary cooperation came in place (Baun, 1995-1996).

First the European Monetary system (EMS) came in place in December 1978, and second the Delors plan was published in 1989. The EMS and the Delors plan are viewed as the Roots of the Maastricht Treaty (Baun, 1995-1996). The objective of the EMS was to create “a zone of monetary stability in Europe” (Baun, 1995-1996, p. 607), and at the core of this system was the European Exchange Rate Mechanism (ERM) which was a system of fixed exchange rates. The EMS proved to be fairly successful, and in the 1980s the European Community experienced reduction both in exchange-rate instability and inflation. The EMS can be viewed as a step in helping to prepare for a monetary union, seeing that it had positive political consequences in which it promoted habits of cooperation in economic and monetary affairs among European governments (Baun, 1995-1996, p. 607). In 1988, a new attempt at monetary union began, resulting in the Delors plan which was a three-stage process to a monetary and currency union. The first stage, set to begin 1 July 1990, consisted of closer coordination of national monetary policies and that controls on transborder capital movements within the Community would be terminated. The second stage included the creation of a single regional bank and tightening of the margin for fluctuation of national currencies within the ERM. The final stage of the Delors plan was the creation of a single currency managed by the European central bank and that the powers to direct the economic and financial policies of member states would be transferred in a greater extent to the EC authorities (Baun, 1995-1996, p. 608).

While the contents of the Delors plan were endorsed by national leaders, Britain’s Prime Minister Margaret Thatcher expressed strong reservations at the June 1989 Madrid summit. These reservations from Britain continued, and while many European leaders promoted a deepening of EC institutions, the British government argued against it (Baun, 1995-1996, p. 610). Instead, they wanted to prioritize widening the Community and incorporate new members. According to Britain, there was a need to stabilize the new democracies in Eastern Europe, and this was to be done by integrating them into the European Community. Another motivation behind Britain’s strategy of widening the Community was the fear of German power. In Prime Minister Thatcher’s view, a deepening of EC institutions would be more easily dominated by Germany than would a wider grouping of sovereign states. Also, another

motivation behind Britain's strategy of widening the Community was their reluctance to further surrender parts of their national sovereignty to supranational institutions. With widening of the Community, this would mean a rapid expansion leading to a looser confederation of independent states, while a deepening would mean a more unified federal Europe. Still, Britain's view of widening over deepening became a minority viewpoint within the European Community (Baun, 1995-1996, p. 610).

The European Monetary Union (EMU) was formed 1 January 1999, with 11 out of 15 EU countries joining. To be eligible to participate in the EMU there were several criteria that had to be met by the member countries, and these criteria were laid out in the Maastricht treaty. To be able to join the EMU, the Maastricht treaty required that:

“

- *The national central bank of the country concerned should be independent;*
- *The country's currency should have participated in the Exchange Rate Mechanism (ERM) for at least two years, without stress;*
- *The country's inflation rate should have been below a reference value given by a range of 1 ½ percentage points above that of the best three inflation performers;*
- *Its long-term interest rate should have been within 2 percentage points of that of the three best inflation performers;*
- *The ratio of the budget deficit to GDP should not exceed 3 per cent and its debt-to-GDP ratio should not exceed 60 per cent*

” (Artis, 2000, p. 70 – 71).

In 1998, when the structure of the Euro-zone was decided, the UK would have met nearly all criteria laid out in the Maastricht treaty (Artis, 2000, p. 71). Still, when the treaty was signed, which had to be unanimous approved by all EC states, Britain was given an opt-out clause which allowed it to delay a final commitment to joining the European Monetary Union (Baun, 1995 -1996, p. 620). After the forming of EMU, the British government made it clear that they saw membership of the EMU as most likely to be beneficial, but that there had to be an assessment of the benefits before a decision could be made. When the case for membership was to be evaluated it was in light of the Chancellor's Five Economic Tests, which would assess if the economic conditions of joining were right (Barrell, 2002). In practice, the UK government was in favour of joining the EMU, but the Five Economic Tests would define

whether the membership of the single currency would be in the national economic interest of the UK and if the case for joining was unambiguous (Barrell, 2002, p. 55).

The Chancellor's five tests that had to be passed for UK to join the EMU were:

“

- *sustainable convergence between Britain and the economies of a single currency*
- *whether there is sufficient flexibility to cope with economic change*
- *the effect on investment*
- *the impact on our financial services industry*
- *whether it is good for employment.*

” (Barrell, 2002, p. 55)

In 2002, the Chancellor Gordon Brown concluded that the UK was not ready to become a member of the single currency and that the UK had not passed his five economic tests for joining the Euro (BBC, 2003).

#### 4.2.1 EMU Membership – Would it Benefit the UK?

There have been written several articles on the issue of whether membership in the EMU would be beneficial for the UK, and the conclusions have been divided. According to Barrell (2002), in his analysis of whether the UK should join the EMU he argues that it would be beneficial for the UK to join the EMU and that the monetary and fiscal regimes in the area of the Euro and in the UK, are quite similar. Based on the Chancellor's five tests, which can be reduced to asking if the macroeconomic environment will be more stable and if the output per person will reach a higher level if UK joins, he argues that there is a clear case for joining (Barrell 2002, p. 16). Changing regimes would not involve a major change in the framework for policy for the UK, and with a fixed exchange rate and allowing interest rates to be set in line with the Euro Area, he argues that the macroeconomic stability in the UK would enhance. This is explained by the uncertainty that would be reduced with the removal of exchange rate shocks. Further, as a member of the EMU, the inflation can be expected to be lower and less variable. This would create a more stable economic environment that would increase output and growth (Barrell, 2002, p. 16). At the same time, he does point out that with a decision to join the EMU, this would have constitutional implications for the UK. The framework for the

monetary and fiscal policy would no longer be governed by Parliament but by Treaty, the price level and setting the objectives for inflation would no longer be the role of the Chancellor and Parliament and the UK would only have a minority voice in the setting of monetary policy and fiscal policy targets would have to be agreed upon with other EU members monitored by the Council of Ministers and the Commission (Barrell, 2002, p. 2).

Artis (2002) uses economic theory, hereunder traditional optimum currency (OCA) analysis to assess whether the UK should join the EMU and he argues that this analysis makes a weak case for UK membership to the European Monetary Union. Still, looking at the potential costs of isolation, which could mean trade discrimination and the possibility of a volatile currency, this does strengthen the case for joining the EMU (Artis, 2002). He argues that economic analysis is vital when deciding whether to join the single currency, but as he points out, the final decision whether to join will be a political one and that in this debate political arguments will be critical considering that monetary unions usually are preceded by political union (Artis, 2002, p. 70). Baimbridge, Burkitt and Whyman (1999), evaluate the criteria set out in the Maastricht treaty and the UK treasury, and propose alternative criteria for determining whether membership of the European single currency is sustainable. Comparing the criteria in the Maastricht treaty with those of the UK treasury, they find that the latter is superior to those in the treaty, but they still find the five economic tests to be insufficient without complementing them with other criteria derived from optimum currency area theory. In their analysis, they find that if UK were to become a member of the EMU they would have to undertake major structural changes before becoming a candidate for monetary union which would take decades to complete. Still, economic theory suggests that a monetary union would be beneficial and sustainable over time as long as the participants are adequately converged before entry (Baimbridge, Burkitt and Whyman, 2002, p. 22). Baimbridge, Burkitt and Whyman (2002) argue that both the Maastricht criteria as well as the Five Economic Tests lack a set of convergence criteria which can indicate whether the needed convergence has occurred prior to participation. Following their argument, the questions in the Chancellor's Five Tests are vague and ill focused which leads to the perception that instead of justifying an economic decision on the viability of entry they are rather used to justify a political decision (Baimbridge, Burkitt and Whyman, 2002, p. 22).

#### 4.2.2 European Integration Theory and the EMU

From the sources on this event, we can observe that from a rationalist explanation the reasons given for UK's reluctance to join the EMU has to do with the interests of the British economy, but also that there were countervailing forces hindering the integration. When the Delors Plan was endorsed, the British government with Prime Minister Margaret Thatcher expressed strong reservations with one of the reasons being the reluctance to further surrender parts of Britain's national sovereignty to supranational institutions (Baum, 1995-1996, p. 610), and when the Maastricht Treaty was signed Britain was given an opt-out clause delaying their final commitment to joining. Following neofunctionalism, the European Monetary Union is a functional spillover from the EEC. In the case of Britain, there was a case of spillback, which can be explained by the countervailing factor that Britain's Prime Minister was sovereignty-conscious. Looking at Britain's final decision in 2002 when it was concluded that the UK was not ready to become a member of the single currency the reasoning was that it had not passed the five economic tests. From an intergovernmental perspective, a state will only integrate if it is in their own interest to do so, and the interests are primarily of an economic factor. Still, both Barrell (2002) and Artis (2002), Artis to a lesser extent, argue that joining the EMU would be in UK's economic interest. They both point out that the reasoning for joining the EMU seem to be more of a political decision than an economic decision. Joining the EMU would have constitutional implications for the UK (Barrell, 2002).

Observing the sources from a constructivist/status theory approach, the reasons given for UK standing outside the EMU, would seem to be that it would have a negative effect on Britain national identity joining the EMU. Also, the issue of status in the social hierarchy of states seem applicable in this regard. Becoming a member of the EMU would mean giving up the Sterling for the European single-currency. In the 1950s, one of the key features of Britain's claim to great power was the sterling area and the British pounds being used as a currency around the world (Gowland et al. 2010, p. 60), and with London as the financial capital. To not join the EMU and the single-currency can therefore be considered a move to not give up a status symbol of global significance. Also, committing to the EMU would mean moving closer to a European identity, which from what we have seen has been one of the earlier reasons for Britain's halting integration process.

### 4.3 UK's Integration with the EU: The Choice to Leave

In January 2013, Prime Minister David Cameron pledged an in-out referendum on United Kingdom's membership of the European Union, and on 23 June 2016, the United Kingdom voted to leave the European Union. Before the referendum, the Prime Minister wanted to renegotiate the UK's relationship with the EU, and it was under these new terms the people would be given the choice between staying or leaving the EU (BBC, 2013). The four areas where reform was proposed were: economic governance, competitiveness, sovereignty, and immigration. Under the issue of economic governance, Cameron wanted to ensure that the countries outside the Eurozone were not disadvantaged materially and a recognition that the Euro was not the only currency of the European Union. Also, it was proposed that non-Eurozone members could not be imposed to further financial union and in the case of Eurozone bailout the UK would not have to contribute. On the issue of competitiveness, Cameron wanted an extension of the single market. On the area of sovereignty, Britain should be able to opt out from EU's ambitions of an "ever closer union" and not be legally obligated to further political integration. On the issue of immigration and welfare, new rules concerning EU immigrants and tax credits, social housing and child benefits were proposed. (BBC, 2016).

The issues negotiated were also the issues both the Remain side and the Leave side focused on during their campaigns leading up to the referendum, including the issue of security (UK Data Service, 2016). The Leave campaign argued that the deal Prime Minister Cameron was proposing still left the EU in charge of the same issues as before, and that it would not be legally binding (Vote Leave, 2016b). The slogan of the Leave campaign was to "take back control" which also came to show in the reasons given for why the UK should leave the EU. First, Britain had to take back control over their economy and trade, and it was argued that EU membership hindered Britain from making trade deals outside the EU and that they by continuing membership would not be able to prioritise how the country's money was to be used. Second, Britain had to take back control over their borders, arguing that they need to be in control to make sure immigration does not constrain public services. Third, the Leave campaign argued for leaving the EU as this would be a step in regaining influence and become a truly global nation once again, focusing on that Great Britain is the 5<sup>th</sup> biggest economy in the world, the 4<sup>th</sup> largest military power in the world, one of 5 permanent members of the UN Security Council, a leading member of Nato, and their security and

intelligence services being recognised as the best in the world (Vote Leave, 2016b). The Leave campaign argued that by leaving the EU, Britain would become a more influential force for free trade and international cooperation (Vote Leave, 2016a). The Remain campaign on the other hand, argued that Britain would be stronger in Europe (Britain stronger in Europe, 2016). The main reason given by the Remain side in the campaign were mainly of economic character. Staying in the European Union would boost UK's economy, while leaving was predicted to cause economic damage. According to the Remain side, being in the EU creates economic growth, creates jobs and offers competitive prices (ibid.). The Remain campaign also argued for Britain's place in the world, but that it was by remaining in the EU that Britain would have a more powerful global role and say in international matters. By leaving the EU, they argued that Britain's role in the world would be reduced as they would no longer have a say in issues such as climate change regulations, trade regulations, and the economy and security, resulting in a reduced influence in the world (Britain stronger in Europe, 2016).

The path that led to the referendum, the interpretation of the vote for Brexit, as well as assessing its consequences, has been discussed in several academic articles. The main reasons that have been given for UK's choice to leave the European Union will here be presented based on the secondary sources collected for this case, and are categorised into two themes: Brexit explained by identity-related factors and sovereignty issues, and Brexit explained by globalization, economic protectionism and populist sentiment.

#### 4.3.1 Explaining Brexit: Identity-Related Factors and Sovereignty Issues

Helen Thompson (2017), in her article, "*Inevitability and contingency: The political economy of Brexit*", sees Brexit as almost inevitable and focuses on United Kingdom's "singular political economy", a distinctive feature of the UK. Thompson (2017, p. 436) describes Britain as a macro-economic outsider, and that Britain's accession to the EC caused economic problems from the beginning, which is explained by the lack of shared interests with other member-states. Even though these initial problems became less important over time, with Britain also securing political victories and EU policies reflecting British interests, one economic issue that left Britain in a singular position was that the government had not wanted their monetary and exchange rate matters to be Europeanised (ibid.). Thompson



(2017) argues that even though Brexit from the present was experienced as a shock by much of the British political class, the membership was unsustainable. First of all, when Britain first joined the European Community in 1973, they joined a partial economic union where the rules had been determined by others. Secondly, when the EU became a currency union in 1999, Britain was unwilling to sacrifice monetary sovereignty. Thirdly, when the global financial crisis of 2008 and the euro-zone crisis from late 2009 hit, it required more political union and had spill-over effects for Britain that made the membership unsustainable (Thompson, 2017). Thompson (2017, p. 446) concludes that the 2008 financial crisis and the euro-zone crisis effected the sustainability of Britain's membership of the European Union as they produced conflict over London's position as the offshore financial centre of the euro, the differences in macro-economic options between Britain and the euro-zone states increased, immigration intensified, Germany's influence within the EU was strengthened and in regards to the financial services and banking matters in the single economic market, Britain's position weakened (Thompson 2017, p. 19).

Matthew Goodwin and Caitlin Milazzo (2017) on the other hand, sees the reasons for the occurrence of the referendum as part of a wider phenomenon in their article, "*Taking back control? Investigating the role of immigration in the 2016 vote for Brexit*". In their article, they explore the underlying drivers for Brexit and how immigration influenced the vote. Their study shows that immigration, and its perceived effects on Britain as a whole and local communities, was a big concern for the people who voted to leave the EU. Their findings also show that public attitudes towards the EU, hereunder identity-related factors, also mobilised public opposition to the EU. If citizens perceive that EU integration and/or immigration is a threat to their national identity or position, it will result in negative attitudes towards the EU or support for leaving the EU (Goodwin and Milazzo, 2017, p. 455). Another argument made is that the relationship between immigration and support for Brexit can be understood as a desire to establish control over an important issue (Goodwin and Milazzo 2017, p. 455). Henderson, Jeffery, Wincott and Wyn Jones (2017), also look to identity-related factors when explaining the vote to leave the EU, in their article "*How Brexit was made in England*". They take England as their unit of analysis, and find that the reason for why leaving the EU was so strong in England had to do with the importance of national identities, and how "Englishness and Britishness" shapes the attitudes towards the EU, which include opposition to European integration, the perception that their political voice is not heard, immigration concerns and support for parties of the right (Henderson et al. 2017, p. 643).

### 4.3.2 Explaining Brexit: Globalization, Economic Protectionism and Populist Sentiment

Jonathan Hopkin (2017) on the other hand, in his article “*When Polanyi met Farage: Market fundamentalism, economic nationalism, and Britain’s exit from the European Union*” argues that Brexit is the result of a Polanyian “double-movement” and situates the outcome of the referendum as part of a broader political trend in western democracies. The concept of the double movement refers to the process of market liberalisation and an anti-market political reaction (Hopkin, 2017, p. 466). In other words, when the market liberalisation reaches the point where it has a negative effect on social needs, the market forces will be met by protective counter movements. Hopkin (2017, p. 468) describes the double movement as a battle between the needs of production and social needs.

Hopkin (2017) addresses the principal causes of the Brexit vote and claims that the underlying sentiment of the vote was economic protectionism. Following the theory of the “double-movement”, he argues that Brexit can be understood as a consequence of the process of the liberalisation and marketization of the British economy, catalysed by the effects of the financial crisis of the late 2000s. In his view, Brexit is an economic phenomenon as it can be understood as a protest against the marketization of the British economy as it has had social, economic and cultural consequences. Hopkin (2017) points out that Brexit is not a uniquely British phenomenon, as we can observe similar cases of protests against the consequences of marketization in other advanced democracies. He describes Brexit as a part of a “*wave of populist, anti-elite revolts: a new anti-system politics*” that also other democracies in the West are experiencing (Hopkin, 2017, p. 165), which is contributing to questioning the current consensus about economic integration. Further, Hopkin (2017, p. 476) views Brexit as a reaction to the increasing impotence of established political elites to address the upheavals wrought by global market capitalism.

There are several commentators that agree with Hopkin that Brexit can be viewed as an expression of populist sentiment. Hardy and McCann (2017), in their article “*Brexit one year on: Introducing the special issue*”, comment on how recent political events in the United States and the United Kingdom seem to signal a revolt against globalization among significant parts of the population and certain sections of the political elite. With Brexit, many commentators have considered the leave vote as a kind of a protest (Hardy and McCann,

2017, p. 165). Iakhnis, Rathbun, Reifler and Scotto (2018), also ask the question of whether Brexit was a populist referendum in their article “*Populist referendum: Was “Brexit” an expression of nativist and anti-elitist sentiment?*”. They argue that even though hostility to immigrants was an important factor in the decision to vote “leave”, nativist was even more prone to vote leave if they also did not trust political elites. They argue that even though Euroscepticism, which has been part of leftist protectionist sentiment and conservatives concerns about erosions of national sovereignty, Brexit was a right-wing populist movement (Iakhnis et. al. 2018, p. 5). Graham K. Wilson (2017), in his article “*Brexit, Trump and the special relationship*” also see Brexit as an example of a wave of right-wing populism that has swept across advanced democracies. Brexit is a result of a mixture of economic factors such as globalisation, technological change and immigration which have led to depressed growth in the earnings of the least skilled and educated (Wilson 2017, p. 555).

Sara B. Hobolt (2016), in her article “*The Brexit vote: a divided nation, a divided continent*” looks at the background of the referendum and the campaign leading up to the vote and examine the attitudes that explain support for Brexit. She argues that even though Brexit can be viewed as a result of British Euroscepticism, seeing that Britain has always been a reluctant partner to the European project, the referendum cannot be dismissed as “*English insularity*” (Hobolt, 2016, p. 16). She argues that the sentiments that drove the UK to vote to leave the EU are also gaining strength across the European continent. She finds that the referendum shows that the UK is a deeply divided country, and that we across Europe also find similar divisions between so-called winners of globalization and those who feel left behind. Sasha O Becker, Thiemo Fetzer, and Dennis Novy (2017), in their article “*Who voted for Brexit? A comprehensive district-level analysis*”, also find that the leave voters can be described as those who felt left behind. They argue that immigration and trade have little explanatory power for the referendum vote, and that the key drivers for the Vote Leave share was education profiles, historical dependence on manufacturing employment as well as low income and high unemployment (Becker et al., 2017).

From the sources on this event, we can observe that the reasons given for UK’s decision to leave the European Union are several, making Brexit a complex event to understand. Matters of sovereignty, national identity and the consequences the process of marketization has had on the British economy have all been argued to be reasons for the leave vote. Further, globalization is also mentioned in several of the sources, and how its negative consequences

has led to a wave of populism, not only in Britain. The next part of the paper will look at UK's decision to leave the European Union in light of European integration theory and a constructivist approach to the understanding of the leave vote.

#### 4.3.3 European Integration Theory and the process of Disintegration

Theories of integration were developed for the study of European integration, but now we find ourselves in a situation where there is a need for explanations of European disintegration. How applicable are the theories of integration when wanting to explain why a state decides to reverse the integration process? The concept of spillback introduced by contemporary neofunctionalists have already been introduced. From this perspective, we can argue that the reason for UK's decision to leave the EU can be explained by countervailing forces which can lead to a reversal of integration. One such force is domestic constraint, which is when the Government itself is for integration but is constrained by domestic groups. As mentioned, the majority of the members of Parliament supported remaining in the European Union, but the British electorate opted to leave (Goodwin and Milazzo, 2017). Intergovernmentalism, also a theory developed to study European integration, does not give much thought to explaining disintegration (Vollaard, 2018). Vollaard (2018) dismiss the idea that disintegration is just integration in reverse, and he argues that intergovernmentalism is a problematic source to draw on in explaining disintegration. This is not to say that it is not possible to try to explain the process of disintegration by applying the theories of integration (Vollaard, 2018), but for the purpose of this thesis, this will not be elaborated on.

Still, from a cost/benefit perspective, we can observe from the sources that several of the reasons given from the Leave Campaign on why the UK should leave the EU and from the Remain campaign, has been of economic character. The Remain campaign argued that leaving the European Union was predicted to cause economic damage, and that remaining a member would create economic growth, offer competitive prices and create jobs. The Leave campaign also gave economic reasons for leaving the EU, such as taking back control over the economy and trade. Still with the phrase "taking back control", the reasoning seems to be more about Britain's sovereignty. From the sources presenting the reasons for why the referendum resulted in leaving the EU, Hopkin (2017) refers to Brexit as an economic phenomenon, and that it is an expression of economic protectionism resulting from an overstretch in the marketization of the British economy. Reasons given for that the majority

of the British electorate wanted to leave the EU has been the consequences globalisation has had on the economy of the least skilled and educated (Hobolt, 2016; Wilson, 2017; Hopin, 2017; Becker et al., 2017). In this sense, it is perceived that leaving the EU will better the economic conditions of those who have felt that EU membership has been a cause to why there has been a depressed economic growth in earnings.

When examining the reasons given for UK's choice to leave the European Union through a constructivist lens, one of the main reasons given seem to have to do with Britain's identity and Britain's perception of itself. The Leave Campaign went to election with the slogan "take back control", implying that Britain was being overrun by the EU on issues such as economy, immigration, and laws and regulations and that Britain needed to get their sovereignty back which we can see in relations to a state's identity. Goodwin and Milazzo (2017) found that identity-related factors did matter in the vote to leave, and that it was perceived that immigration could threaten Britain's national identity as a whole and in local communities. Henderson et al. (2017) also found that preserving the national identity was an important reason to vote to leave the EU, and terms such as "Eurosceptic", "Britishness" and "Englishness" can be observed in the sources (Hobolt, 2016; Iakhnis et. al. 2018; Henderson et al., 2017). From this we can interpret that Britain do not want "one European identity", and that they do not identify themselves as a EU state. Examining the reasons for why UK should leave the EU through a status theory approach, we can observe in the sources that one of the Leave campaign's focuses was that leaving the European Union would be a step to regain influence and become a truly global nation once again. From this, we can interpret that the Leave campaign do believe that Britain should be recognized as a greater power than what the international community today perceive them to be. They also argue that Britain should be recognized as a truly global player considering that Britain has one of the biggest economies in the world, one of the largest military powers in the world, intelligence services recognised as best in the world and a leading member in the UN Security Council and Nato (Vote Leave, 2016b). From this we can interpret that the one of the reasons for leaving the European Union would be an act of status seeking, where the UK want to better their position in the social hierarchy of states.

## **Chapter 5: From Integration to Disintegration – What Changed?**

If there is one thing that can be said to have been consistent throughout UK's integration process with the EEC/EU, it is that Britain has always been Eurosceptic. From the reasons given for UK's integration with the EEC/EU one might after the historical case study have the feeling that Britain never really wanted to become a member of the European Economic Community, but out of the choices they had available to sustaining their global role, EEC membership was the only real alternative, as Godwin et al. (2010) puts it. In the post-war era, Britain showed no interest in the organization of a new Europe and the reasons given for UK's limited involvement in the beginning of the European integration process were the widespread negative perception of mainland Europe both by British policy makers and the public, Britain's perception of itself and by others as a great power, differences in resources between Britain and Europe, and Britain's trading and financial interests beyond rather than within Europe. The same reasons can be said to have been prevailing when the ECSC was created, but here also the supranational dimension of the ECSC was viewed as a big hindrance for UK's participation. When Britain decided to apply for EEC membership, Gowland et al. (2010), argue that the overall motivation was the diminishing appeal of alternatives to EEC membership, and that the driving forces that led Britain to apply for membership was economic problems, but also matters of status and prestige. In other word, as has been argued in this study, Britain's decision to apply for membership can to one extent be explained by status seeking.

When the EMU was created, Britain agreed to sign the agreement as long as they had an opt-out clause that could delay their final commitment of joining. From Britain's earlier interactions with the EU, this can be said to not be a surprising request from Britain. UK had strong reservations against the EMU, the main reason given being the reluctance to further surrender parts of Britain's national sovereignty to supranational institutions (Baum, 1995-1996, p. 610). This is also one of the main reasons given for Britain's choice to first stand outside the EEC. Looking at Britain's final decision in 2002 when it was concluded that the UK was not ready to become a member of the single currency the reasoning was that it had not passed the five economic test. Still, it has been pointed out that Britain's reasoning for not joining the EMU was not really an economic decision, rather it was a political one seeing that joining the EMU would have constitutional implications for the UK (Barrell, 2002). Again, the issue of sovereignty is of high importance in the reasons given for UK's integration with the EU. In this study, it has also been pointed out that the issue of status can contribute to

understanding the reason for UK's choice not to integrate with the EMU. Becoming a member of the EMU would mean giving up the Sterling for the European single-currency, and the decision not to join can be considered a move to not give up a status symbol of global significance. Also, this would mean moving closer to a European identity, which from what we have seen has been one of the earlier reasons for Britain's halting integration process.

From the case study of UK's choice to leave the EU, the reasons given have been several. Before going into these, Prime Minister Cameron's proposal for reform will be commented on, as these can shed light on the issues the British Government were concerned with at the time of the referendum. The four areas reform was proposed were: economic governance, competitiveness, sovereignty, and immigration. The area of economic governance and sovereignty will be commented on as these give some insight into UK's reasoning for seeing the need to renegotiate their relationship with the EU. Under the area of economic governance, one of the terms was that Britain wanted recognition that the euro is not the only currency of the European Union. From status theory, the concept of recognition is intrinsically coupled with the concept of status, seeing that there will be no status without recognition (Wohlforth et. al, 2017). As above, it was also argued that a country's currency is a part of their identity. On the area of sovereignty, Cameron wanted Britain to be able to opt out from the EU's founding ambition to forge an "ever closer union". From this we can argue, that Britain does show the same tendencies as from the beginning of European organization, and the supranational dimension of the EU is still one of the major reasons for Britain's reluctance to further integrate with the EU.

Of the reasons given for UK's vote to leave the European Union, identity-related factors, issues concerning Britain's sovereignty, immigration, economic protectionism and populism, as well as the effects of globalisation have all been argued to account for the reasons why the British people voted to leave the EU. We have seen through the historical case study, that identity-related factors as well as sovereignty-consciousness are two of the main reasons for Britain's reluctance to integrate with the EU, and these reasons have stayed consistent. In terms of immigration being a reason for the choice to leave the EU, this has not been part of the reasoning process to UK's integration with the EU earlier. Still, as Goodwin and Milazzo (2017, p. 455) argue, immigration is not really the reason for the leave vote, rather the relationship between immigration and support for Brexit can be understood as a desire to establish control over immigration. This again leads back to the issue of sovereignty as we

have seen being one of the major concerns during the whole UK-EU integration process. Economic protectionism, globalisation and populism are other reasons that have been given for UK's decision to leave the European Union. The marketization of the British economy has according to Hopkin (2017) lead to an anti-market political reaction. Wilson (2017), Hobolt (2016) and Becker et. al (2017) also explain Brexit through economic factors, and that that the least skilled and educated has experienced depressed growth in earning (Wilson, 2017). From the reasons given for UK's integration when it first was applied for membership, a hope that this would turn the slow economic growth around was one of the main reasons for the motivations behind membership to the EEC. Now, as Hopkin (2017) argue, this marketization process of the economy has reached its limits as it has had negative social, economic and cultural consequences.

## **Chapter 6: Conclusion**

This thesis has explored Brexit in a historical perspective by observing UK's integration process with the EU through three events. The aim has been to contribute to the understanding of Brexit as a process by examining what reasons have been given for UK's integration with the EU over time and how these reasons have changed since the UK joined the European Economic Community in 1973. Each event was analysed to observe what reasons have been given for UK's integration with the EU both through a rationalist approach to the European integration process and a constructivist/status theory approach to the study of European integration.

From the case analysis, this study found that by observing the sources through a rationalist approach the reasons given for not wanting to integrate or halting the integration process have mainly been of economic character. From the revised framework of neofunctionalism, it could also be observed that the halt in integration could be explained by the concept of spillback, where countervailing forces, hereunder sovereignty- consciousness and diversity between member states has effected integration negatively. The reasons given for EU's motivations to integrate can also through this approach be explained by economic motivations, where it was believed that joining the EU could better Britain's own economic position and make their industry more competitive. The concept of geographical spillover also gave an explanation for why the UK became a member. The reasons given for the UK wanting to leave the EU can be approached through a cost/benefit perspective, where the leave vote has been argued to be an



expression of economic protectionism explained by the marketization of the economy having negative effects on the economic growth of different social groups within the UK. On the other hand, when the reasons given for UK's integration process with EEC/EU was examined through a constructivist framework, the reasons given for not wanting to integrate or halting the integration process were mainly issues concerning UK's national identity and its sovereignty. It was also found that concerns about UK's status in the international community has been one of the important reasons for not wanting to integrate, both to halt integration with the EEC and not wanting to integrate with the EMU. These moves can be understood as status seeking, where the actions Britain has undertaken has been to either maintain or better their status. Status seeking was also observed to be one of the main reasons given by the sources for UK's motivation to become a member of the EEC, as they were experiencing diminishing international status and saw this as a possibility to better their position. From the sources on the case of UK deciding to leave the EU we can observe that from a constructivist explanation the reasons given have mainly been concerned with identity-related factors such as concerns for national identity and sovereignty. From the sources on this event we could also observe that Britain's position in the world was one of the issues the Leave Campaign focused on, which we can interpret as that there are dissatisfaction concerning how Britain is believed to be perceived by others. From the analysis, the findings show that the reasons for integration, halting integration and not wanting to integrate/or leave the EU have to some extent been the same throughout UK's integration process with the EU. Still, from interpreting the observations done through the sources, it can be argued that Britain's perception of itself has not been compatible with EU membership, and that the membership has always been viewed as a threat to Britain's national identity and culture. It seems that from the sources, becoming a member of the EU was not a wilful act, rather it was viewed as the only alternative if Britain wanted to better their position in the international community at the time. Still, the concerns about their sovereignty and identity has always been there, and therefore it can be argued that Brexit was not a phenomenon, rather it can be viewed as a process since the joining of the EEC in 1973.

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