

Should they stay or should they go?

Oliver Hartwich | The New Zealand Initiative | 17 March 2016

I wrote recently about the political implications of the UK's forthcoming referendum on EU membership. Let's take a closer look at what the British are voting on, and why your columnist is not sure what to wish for.

The history of Britain in Europe is one of a great deception, or at least a big misunderstanding. When the UK became a member of the European Economic Community in 1973, the organisation was still often referred to as "The Common Market".

Tellingly, this label was mainly used in the English-speaking world. In continental Europe, there was more talk of the European Economic Community, which later dropped the 'Economic' and then morphed into 'European Union'.

Whether it was a deliberate deception or just a misunderstanding depends on your point of view. Maybe the British were deceived into believing that 'Europe' was all about trade and economic co-operation, when it was about political integration from the start. Or maybe it was indeed about 'ever closer union' but the British mistakenly believed that "The Common Market" referred to some kind of free-trade zone.

Either way, the UK signed up to an organisation it did not really want to belong to.

In Britain, there never was the kind of idealistic belief in pan-European supranationalism found in Germany or France. For historical reasons, the British were also much more global in outlook than their continental neighbours. They had more in common with Hong Kong, New Zealand or the US than with Italy, Bulgaria or Austria. The English language and the common law may be a greater bond than mere geographic proximity.

Above all, Britain was an island and as such, keener to preserve its independence. After all, it had not been conquered by any foreign power since William the Conqueror, and that was in 1066. A special pride in Britain is the result.

I remember attending an event in the lead-up to the 2005 general election with then-Conservative leader, Michael Howard. Howard talked emotionally about how on a good day, he could see the shores of France from the windows of his home in Folkestone and how grateful he was to be on the right side of the Channel. At the time, such chauvinism would have been unthinkable on the continent, but it was perfectly acceptable in Britain – or at least in Howard's Conservative Party.

Culturally, Britain and Europe were never a good match. The British drank warmer beer, had a darker sense of humour and no time for European romanticism.

Instead, they were a "nation of shopkeepers" – a phrase commonly (and probably mistakenly) attributed to Napoleon. Britain was the birthplace of liberalism and capitalism. Its philosophical history differs markedly from the continent. Where Britain had John Locke, Adam Smith and David Hume, 'Europe' produced the likes of Georg Wilhelm Friedrich Hegel, Karl Marx and Henri de Saint-Simon. Britain's outlook was individualistic whereas an idealisation of the state was widespread on the continent.

The liberal, market-friendly element historically played a greater role in Britain than it did in the rest of Europe. Of course, this is an inaccurate generalisation. There were liberal movements on the continent just as there were socialists in Britain. But liberalism has stronger and deeper roots north of the Channel.

In many ways, therefore, it was lucky for the EU that Britain became one of its members, even if only by accident. Without Britain, the EU would have been a very different organisation.

If the EU had been left to continental Europe, it would have been even more dominated by statist, dirigistes and economic planners than it has already been. Britain's belief in pragmatism, trade and markets was a useful corrective to the predominant economic beliefs of Europe.

There was only one large continental nation with a comparable economic philosophy – (West) Germany. Although Germany was certainly not the original home of free market liberalism, its ordo-liberal philosophy after 1945 gave it an outlook on the economy similar to Britain. Germany, too, now favoured trade, competition and limited government. In fact, it did so even more than Britain since the time of Prime Minister Clement Attlee until the arrival of Margaret Thatcher in 1979.

Jointly, Britain and Germany thus played the more market-friendly counterweight to the intrinsic statism of most other EU members. Ironically, the British and the Germans, blinded by their respective stereotypes, may not even have realised how similar they were in this respect.

So when I am looking at Britain's 'In-or-Out' referendum on EU membership, I am torn. The Anglophile and classical liberal in me can understand perfectly why many Brits cannot stand the thought of being bound to this EU any longer. They are disillusioned with the EU's bureaucracy, its creeping regulations and its subversion of national sovereignty. They (correctly) see the EU as the opposite of the free trade zone they originally meant to join. No wonder they want to leave.

I do not even believe that Britain would lose much from departing the EU. Britain is strong enough to go its own way. If much smaller countries such as Iceland, Norway or Switzerland can exist (and prosper) outside the EU, then Britain can as well. Of course, Brexit would be messy and painful. But such short-term pains could well be outweighed by long-term gains of taking back control over Britain's own affairs.

Having said all that, the German in me would be sad to see Britain depart from the EU. It would leave the Germans as part of a Union in which they would be the least statist voice. That is a scary thought. The EU could then easily go into planning, harmonisation and integration overdrive because there would be no large country left to stop it. Without Britain, the EU would lose its liberal conscience (or its *advocatus diaboli*, if you prefer).

In short, if I were British I would probably vote for Brexit. But since I am German, I still hope it will not happen.

I would much prefer Britain to be a thorn in the flesh of Europe, a constant reminder that a different economic vision for the continent is possible.

Then again, there is a reason why the Brexit referendum will not be decided by Germans and other Europeans, Anglophile or not. It is a question for the British themselves where they see the best chances for their future – inside or outside the EU.

And, if that is the question they need to answer, then I believe the 'Out' camp has the better arguments. The EU needs Britain more than Britain needs the EU.



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