The Vocal Euro-outsider: The UK in a Two-speed Europe

Adler-Nissen, Rebecca

Published in:
The Political Quarterly

DOI:
[10.1111/1467-923X.12265](https://doi.org/10.1111/1467-923X.12265)

Publication date:
2016

Citation for published version (APA):
Adler-Nissen, R. (2016). The Vocal Euro-outsider: The UK in a Two-speed Europe. *The Political Quarterly*, 87(2), 238–246. <https://doi.org/10.1111/1467-923X.12265>

The Vocal Euro-outsider: The UK in a Two-speed Europe

REBECCA ADLER-NISSEN

Abstract

The EU is divided between member states that have adopted the euro and those that have not. This article looks at the issue of differentiated integration with particular reference to eurozone integration and the euro-outsiders. I explore the recent public debate in the UK on euro-outsiderhood, comparing this with debates in Denmark. The article highlights some striking differences between the UK and Denmark when it comes to the actual management of euro-outsiderhood in Brussels as well as some of the dilemmas facing euro-outsiders such as the UK, Denmark, Sweden and Poland as the EU struggles to exit its crises. Finally, I discuss the future of two-speed European integration and the UK's possible exit from the EU. The UK cannot escape the dilemma of favouring either influence or autonomy; whether the UK remains in or leaves the EU, it will need to allow the eurozone to proceed in order to prevent further eurozone crises.

Keywords: Brexit, differentiated integration, eurozone, euro-outsider, opt-out, UK

Introduction

TODAY, VERY few would question the UK's euro-outsiderhood. If nothing else, the lack of economic growth and debt problems in the eurozone appear to confirm that the UK is better off outside the Economic and Monetary Union (EMU). Yet this was not always so. During the Labour term from 1997 to 2010, the five economic tests regarding the UK and the euro were used to signal to the EU that the UK was open to the idea of adopting the euro—some day. The Labour government continually claimed that the UK's official position remained unchanged since being set out by the Chancellor in his Statement to the House of Commons in October 1997.

With the advent of a Conservative–Liberal Democratic government under the leadership of David Cameron in May 2010, this signal was bound to change. The new government had no intention of replacing the pound with the euro (despite Deputy Prime Minister Nick Clegg being openly in favour of the UK joining the euro). Instead, Chancellor George Osborne announced (to laughter) in the House of Commons that he had

abolished the Treasury's Euro Preparations Unit. 'Yes, one does exist, and the official concerned has been redeployed to more productive activities', he said.¹

The stability of the British euro-outsider position in the EU was confirmed, once again, with the new settlement agreement, which will take effect immediately if the UK votes to remain in the EU. Large sections of the agreement are dedicated to issuing guarantees that euro-outsiders are not obliged to contribute to eurozone bailouts or participate in a fiscal union. Thus the new settlement agreement stresses that the UK is entitled 'not to adopt the euro and therefore to keep the British pound sterling as its currency'.²

However, a quick look at the UK and the other euro-outsiders reveals that the position outside the eurozone is not straightforward. The euro crisis and the resulting intensification of eurozone cooperation have put the UK and other euro-outsiders in a difficult position. As Jean-Claude Piris, former Director General of the Council of the EU's Legal Service, puts it, 'one of the consequences of the euro crisis is that a "two-speed Europe" is already establishing itself and strengthening, through the necessity for France,

Germany and others to unite in order to save the euro'.³ While euro-insiders will take care not to exclude euro-outsiders in order to safeguard the single market, eurozone integration and further European integration in economic affairs is inevitable as Europe seeks to exit its crises.

How should euro-outsiders deal with the integration dilemma? The dilemma involves an uncomfortable choice between becoming entrapped in the EU by surrendering substantial political authority on the one hand and being abandoned by the integration system by insisting on preserving formal, state-based sovereignty on the other.⁴ From this perspective the UK and (perhaps even more so) Denmark have, by virtue of their euro opt-outs, moved along the continuum towards autonomy and away from influence. Interestingly, the UK's new settlement agreement in the EU recognises the dilemma posed by the integration of the eurozone, but puts it as a problem that can be solved 'rationally':

It is acknowledged that Member States not participating in the further deepening of the economic and monetary union will not create obstacles to but facilitate such further deepening while this process will, conversely, respect the rights and competences of the non-participating Member States.⁵

But how can euro-outsiders protect themselves from eurozone legislation and at the same time ensure continued influence and rights? This is not just a legal or institutional question, it is a deeply political one.

The UK wants to ensure that euro-outsiders are not at a disadvantage in terms of economic governance. No one is against that in principle. The problem is that there is no agreement of what this means in practice. When is a particular policy or decision only in the eurozone interest and when does it affect all EU member states? In December 2011, when David Cameron decided to object to a revision of the EU treaties at the European Council summit, which was to include a fiscal compact only binding on the eurozone, it came as a veritable shock to both euro-insiders and -outsiders. How could Britain refuse to be a member of the euro club and still insist on shaping the rules of the club?

For the German magazine *Der Spiegel*, it marked the 'Beginning of the end of Britain's EU membership' as it put in the headline of its online story. In Brussels and across European capitals, the British veto was seen as a diplomatic and political mistake that would further isolate the UK, because Cameron had failed to acknowledge the importance (and legitimacy) of eurozone integration. Yet, as this article will show, the British strategy of fighting against eurozone integration is a longstanding, but largely futile approach, also used before the euro crisis.

This article is divided into three sections. First, I look at how the British voter is presented with the issue of euro-outsiderhood in major British newspapers. I show that the main focus is on the eurozone economic turmoil and its potential for recovery, but that the UK's ability to ensure continued influence in the EU takes limited space. This, as I show, is markedly different in the Danish press, which is more focused on the political consequences of euro-outsiderhood for Danish influence on the EMU. Second, I analyse how a two-speed Europe with increased eurozone integration has affected the UK's position in the EU and that of other euro-outsiders such as Denmark, Sweden and Poland. I argue that they manage their positions differently and that the UK stands out as the only member state that does not accept that there is a trade-off between influence and autonomy. Finally, I discuss the prospects of further eurozone integration and the effects of the UK's possible exit from the EU on the relationship between eurozone insiders and outsiders.

The media coverage of euro-outsiderhood

How does the British voter understand the UK's position outside the eurozone? Interestingly, most voters (at least those who read the daily British newspapers) don't really see it. I have examined the media coverage for the year 2015 in the following newspapers: *The Times*, *The Guardian*, *The Independent*, *Daily Mail* and *Daily Mail on Sunday*, *The Daily Mirror* and *Daily Mirror on Sunday*. Using the database LexisNexis, I searched for the combination of the words 'eurozone'

and 'UK' across all articles, thereby covering all pieces mentioning the eurozone and the UK in this period. I then coded for whether the articles portrayed the UK's outsider status as generally positive (understood as good for the UK's economy or politics), negative (understood as bad for the UK's economy or politics) or neutral. Not surprisingly, as Figure 1 shows, 46 per cent of the articles depicted the outsider-status as beneficial for the UK whereas 29 per cent were neutral and 25 per cent saw euro-outsiderhood as negative. It should be noted that because the newspapers selected for the study exclude *The Sun* and *The Telegraph*, the data is likely to present a rather euro-friendly view of British media coverage. The full picture is likely to be even more supportive of the UK being out of the euro.

I then examined whether the articles focused on the economic or the political dimension of British euro-outsiderhood. Eighty-eight per cent of the articles focused on the economy and only 10 per cent on British position and influence in relation to the eurozone, and a mere 1 per cent were debating the broader political consequences the UK's euro-outsiderhood, as can be seen in Figure 2. Judging from the media coverage, the British voter will not tend to think that

differentiated integration in the form of eurozone integration matters much.

The same cannot be said for the coverage of euro-outsiderhood in the Danish press. I searched the major Danish newspapers *Berlingske*, *Politiken*, *BT*, *Børsen*, *Information*, *Jyllands-Posten*, *Ekstra-Bladet* and *Weekendavisen* with the same search codes for the same year (2015). Here only 6 per cent were concerned with influence and the Danish position in the eurozone, 48 per cent were about the eurozone economy. However, what stands out in the Danish coverage of euro-outsiderhood is that 46 per cent were debates and opinion pieces about Denmark's position in a two-speed Europe (see Figure 3). This high percentage of opinion-related pieces has to do with the fact that there was a referendum in December 2015 about Danish Justice and Home Affairs, naturally leading to a higher focus on opinion polls and voters' views on EU-related issues. What is striking is that in both countries there is little attention to the question of influence and positioning in the EU—that is, consequences of euro-outsiderhood get so little attention at a time when eurozone integration is so strong. It is all the more striking, because euro-outsiders strive hard to manage their positions in the EU.

Figure 1: Newspaper coverage of UK euro-outsiderhood

Figure 2: Newspaper coverage of UK euro-outsiderhood

Figure 3: Newspaper coverage of Danish euro-outsiderness

Voluntary and involuntary euro-outsiders⁶

All euro outsiders are deeply concerned with the eurozone's multiple crises that began in 2009 and have been continuing with greater or lesser intensity ever since—sovereign debt, the banking crisis, and low competitiveness and growth. Influential voices argue the crises were exacerbated by the fundamental design faults of monetary integration. Concerned about the very future of the eurozone, and also about being 'infected' if they joined the group, most euro-outsiders have adopted a 'wait and see' approach to the euro, reflecting former UK Prime Minister Tony Blair's 'prepare and decide' policy.

While it does not get much coverage in the British and Danish press, euro-outsiders handle their positions outside the eurozone very differently. The newer member states have a treaty obligation to eventually adopt the euro, although without a specific timetable on when to do so. This is in contrast to the UK and Denmark, which have formal opt-outs and are thus not required to adopt the euro. The 28 EU member states now fall into one of three categories:

- eurozone members (the nineteen EU member states that now share the euro);

- involuntary euro-outsiders (or pre-ins) (those obligated to join EMU but not yet able or ready to do it);
- voluntary euro-outsiders (those who do not intend to join the eurozone).

For many years, members from Central and Eastern Europe were determined to gain entry to the euro area and were competing to be the first to enter the eurozone. The crisis, however, changed this. Now most of the Central and Eastern European members are reluctant. Poland, for instance, was meant to join in 2012 but was stopped by the crisis. The Czech Republic is openly sceptical of the wisdom of joining the euro and has been so for many years, while other states such as Bulgaria and Hungary have more recently declared that they are in no hurry to join the eurozone.

The position of the UK and Denmark stands out in comparison with the other member states that have yet to adopt the euro. The UK and Denmark represent two extremes in the euro-outsider continuum. Denmark is the closest to joining the eurozone while the UK is the most staunch euro-outsider. However, for a long period, it remained uncertain whether the UK and Denmark would eventually join the euro. It was expected that all states would do everything in their power to fulfil the convergence criteria for introducing the euro, and the British and Danish strategies gave good reason to believe that they might one day join. Not only did British officials engage actively in the negotiations on the procedure for excessive deficits but they also took part in the preparatory committee's lengthy discussions about the design of the single currency coins and banknotes. Still today, British and Danish officials tend to negotiate as if they were bound by the same rules as the euro area. David Cameron's veto of the treaty changes—which would never fully apply to the UK—is just one illustration.

As I have shown in my previous work,⁷ the euro area is not just a mode of cooperation; it is a 'family with a common destiny', as former European Central Bank (ECB) President Jean-Claude Trichet likes to put it. Indeed, the EMU has become one of the

important distinction markers in the EU. Involuntary euro-outsiders are perceived as being on their way to becoming good Europeans. Contrary to the UK, the Danish government actually tried to abolish the euro opt-out in 2000, thereby demonstrating a genuine willingness to 'join the club'. Denmark is bound to the euro area by its fixed exchange rate policy, and Danish officials see themselves as 'the best euro country that never was'. Since the Baltic states joined the eurozone, only Denmark is in ERM II (the current version of the Exchange Rate Mechanism). Participation in the ERM II is voluntary and the fluctuation bands are +15 percent, with the possibility of individually setting a narrower band with respect to the euro

Contrary to the UK, Denmark has generally sought to be bound by as much eurozone legislation as possible or has bilaterally adapted to EMU legislation. Danish officials are proud when Jean-Claude says that Denmark should count as a member of the euro area in future statistics. However, there are limits to the extent to which one can 'play' at being a real member. As one Danish official explains, the Eurogroup represents a closed club and rapprochement must be credible:

As long as I can say that the political and economic elite and the government is interested in participating, we appear positive; but if it becomes too obvious that Denmark does not intend to adopt the euro, I fear that we will be perceived as Switzerland, which enjoys the benefits without paying the costs.

Switzerland, then, the EU-outsider, is seen as an extreme case and evokes the image of the free rider. When asked to describe the implications of the Danish euro opt-out, the standard answer from European Commission officials is: 'Getting rid of the euro opt-out would be a great step forward for Denmark's image. Right now it is basically a free-rider.'⁸ By 'free-rider', the Commission official refers to the fact that the Danish currency (*krone*) is pegged to the euro and in exchange for giving up monetary autonomy, it has enjoyed a stable currency regime. The UK, as we shall see, is less worried about being seen as a free-rider. While this may

seem reasonable since the UK conducts an independent monetary policy and is not part of ERM II, the free-rider concept can be applied more generally to the situation where a state benefits from the single market, but does not commit fully to the ideas of European integration and solidarity.

A growing zone of exclusion

Over the last two decades, the eurozone has set up its own institutions (the euro summits of the heads of state and governments, and the finance ministers of the eurozone members) and is moving towards a banking union under the supervision of the ECB. In June 2015, the Five Presidents' Report⁹ written by the European Commission President Jean-Claude Juncker, together with the President of the Euro Summit, Donald Tusk, the President of the Eurogroup, Jeroen Dijsselbloem, the President of the European Central Bank, Mario Draghi, and the President of the European Parliament, Martin Schulz, was published. It presents ambitious plans to move the eurozone towards a fiscal union, with coordination and convergence of fiscal policy, including some kind of fiscal capacity to make transfers from more prosperous to poorer countries within the eurozone. This will also involve a further strengthening of the Eurogroup and its presidency.

The formalisation of the Eurogroup—where the ministers meet the day before the finance ministers' (ECOFIN) Council meeting and not just in the hours before it—began in 2000. When Nicolas Sarkozy succeeded in establishing summits exclusively for the heads of state of the euro area, now formalised by the fiscal compact of 2012, he was completing a process of separation that had been evolving for over a decade. Already in July 2000, the French presidency introduced a routine whereby the Eurogroup held longer meetings and could distinguish euro-area issues from the ordinary agenda of the ECOFIN Council.

But the Eurogroup is only the tip of the iceberg. A veritable 'exclusion zone' with a parallel system of meeting forums that only include euro-insiders has been created. To prepare the meetings in the Eurogroup, for instance, an EFC working group has been

established. With this exclusion zone being replicated at all levels, the division between euro-insiders and euro-outsiders has become increasingly important. ECOFIN remains formally responsible for making decisions, but the informal Eurogroup has gradually obtained a certain level of authority and formalisation and has expanded its agenda, culminating with the Lisbon Treaty, which consolidates the forum as the de facto engine room of integration. The formalisation of the Eurogroup was partly sought to get rid of the bothersome British interventions. As one European Commission official comments: 'We do not want outsiders such as the UK to use disagreement in the Eurogroup to make a big mess, and this is why we expanded the questions that are only dealt with by the euro area. We also want them to feel frustrated.'¹⁰

During the first years of the Eurogroup's existence, its members primarily exchanged views on the basis of economic forecasts produced by the European Commission, followed the budgetary situation of euro-insiders, undertook monetary dialogue with the ECB president, and discussed and analysed the exchange-rate developments of the euro, and issues related to global imbalances and the international use of the euro. The group now issues specific advice on labour market reform, product market reform and financial markets. Moreover, it debates overarching macroeconomic policy, as well as international economic and energy policy. Even climate and environmental issues are discussed in the Eurogroup. Most recently, the Five Presidents' Report¹¹ on the future of the EMU suggests common standards in the field of labour markets, competitiveness, business environment and public administration, as well as certain aspects of tax policy, e.g. corporate tax base. Even if the report is not implemented in full, as some of it is quite controversial, it will further expand the areas where euro-outsiders will be excluded from substantial discussions about EU decisions and legislation that will potentially also affect euro-outsiders.

Of course, not all euro area initiatives are deliberately crafted to exclude euro-outsiders. Apart from strengthening cohesion among the euro-insiders, the exclusion of euro-outsiders also serves practical purposes. As new member states join, formal decision-making forums

have continued to grow in size. With well over 150 people present in an ordinary ECOFIN Council meeting, the scope for negotiations and effective interaction has diminished significantly. This is why the parallel system is so valuable. It stands to reason that it will only become more difficult to reach agreement with the UK, Denmark and Sweden, as well as the involuntary outsiders, all in one room.

In sum, decision-making is sliding from ECOFIN into the Eurogroup, thereby confirming the rubberstamp function of the ECOFIN meetings, which are presented with decisions as a *fait accompli*. Despite British protests, the Lisbon Treaty (which came into force on 1 December 2009) recognises the Eurogroup as an official EU institution—not just a private dinner club—and it has the ability to set a formal agenda for itself. This further strengthens the division between insiders and outsiders.

Fighting exclusion

However, euro-outsiders have not passively accepted their gradual exclusion. The establishment of the Eurogroup and the expansion of exclusion zones have been severely criticised by the UK, Poland and Sweden, and Denmark to a lesser extent. Britain has taken up the role of fighting for the rights of euro-outsiders and especially focusing on securing the autonomy in economic and financial affairs of euro-outsiders. As Cameron explained after the European Council meeting in February 2016:

We have ensured that British taxpayers will never be made to bail out countries in the eurozone. We have made sure that the eurozone cannot act as a bloc to undermine the integrity of the free trade single market. And we have guaranteed that British business will never face any discrimination for being outside the eurozone.

The UK is not totally alone. Poland insisted on inclusion in the fiscal compact, winning the battle against efforts to exclude non-members led by France. The Czech Republic joined the UK against plans to integrate the fiscal compact in the existing treaty structure. But the euro-outsiders are generally more subtle than the UK, uncomfortable about being seen as destructive free-riders.

As former Prime Minister of Denmark Helle Thorning-Schmidt put it, Denmark should be 'as close to the core as possible'. Euro-outsiders see variable geometry as inevitable, but have generally tried to move the eurozone towards a more inclusive mode. This pragmatic position recognises that choosing to opt out of the EMU comes at a cost, but also that euro-outsiderness can be managed in a way that still optimises national interests.

British officials often feel obliged to remind their European colleagues of the UK's status as a full member state. They draw on a discourse about 'fairness'. British officials find exclusion unfair when the Eurogroup discusses issues that have implications beyond the euro area. Needless to say, what constitutes 'implications beyond the euro area' is difficult to agree upon. Even before the Eurogroup had been conceived, British diplomats questioned the division between what they called 'ins' and 'outs'. They argued that it was problematic if only the 'ins' had the right to vote when decisions could materially affect the 'outs'. This struggle continues. British officials regularly challenge the division of labour between the Eurogroup and ECOFIN:

We have always been clear that when it's an issue of economic importance to the EU as a whole, then it should be rightfully discussed in the ECOFIN Council. ECOFIN should be the main decision-taking body, and the Eurogroup should not in any way impinge on that.¹²

It is clear that the UK is deeply concerned about its position as a euro-outsider. The UK's experience from the introduction of the euro in 1999 to the fiscal compact in 2011 and beyond is not encouraging. Not surprisingly, the other euro-outsiders adopt a constructive approach, including informal information-sharing with euro-insiders such as Finland, or arguing for observer status at Eurogroup meetings and preparatory meetings. Strategies of obstructing eurozone integration to secure autonomy may be successful at the outset but, in the long run, it is a futile strategy. As concluded in a *Financial Times* article published after Cameron's 2011 veto: 'Forcing the eurozone to set up its own parallel union will not protect

the City ... By precipitately wielding his veto, Mr Cameron may well have hastened the formation of such a bloc, to the detriment of British interests.'¹³

The future of euro-outsiderness

The question facing all euro-outsiders (whether they are supposed to join at some point or remain permanently outside) is: How strong will eurozone integration be in the future? How deep will the integration dilemma be felt? On the one hand, all EU member states (euro-insiders and -outsiders) have an interest in eurozone recovery and consolidation, including the creation of better rules and improved governance. George Osborne and David Cameron have repeatedly advocated a full fiscal union for the eurozone, to include firm fiscal rules for all members of the eurozone. The consequences of euro zone disintegration would severely impact not just the eurozone, but also the British economy. This understanding is also reflected in the UK's new settlement agreement: 'to fulfil the Treaties' objective to establish an economic and monetary union whose currency is the euro, further deepening is needed'.¹⁴ All this is to help facilitate and support the proper functioning of the euro area and its long-term future, for the benefit of all member states.

On the other hand, the UK—and other euro-outsiders such as Sweden and Denmark—are worried about the creation of a eurozone bloc, a union within the union, which would shape the rules of the game for the entire EU, not just the eurozone. If more and more decisions are taken among euro-insiders, euro-outsiders will be increasingly marginalised. Overall, euro-outsiders have a common interest in making sure that the eurozone countries do not make economic decisions on behalf of the EU regarding the single market without the involvement of the non-euro states. This worry is not unfounded as the above sections demonstrate.

However, there are at least three reasons why the UK (and other euro-outsiders) should not worry too much about further eurozone integration.

First, as long as there are euro-outsiders, the eurozone will have to stay relatively

open to non-euro members. Because of the involuntary outsiders, the eurozone is a multi-speed or differentiated system (the objectives are shared but timeframes differ). A large number of involuntary members are obliged to join the eurozone. Therefore, not only must the door remain open for anybody wishing to join the inner circle of integration at a later stage, but the decisions and instruments of enhanced integration should not prejudice the rights of non-participants in the broader context of the Union. However, the likelihood of the euro-outsiders joining the EMU has diminished in recent years with an understanding of the fundamental design faults of the EMU. For instance, being a relatively large economy, Poland has grown increasingly sceptical of the EMU and of giving up independent monetary and exchange rate policies. This reduces the likelihood that Poland will be interested in adopting the euro in the coming years, but it remains legally obliged to join at some point, which means that a permanent split of the eurozone from the rest of the EU cannot (yet) happen.

Second, eurozone members such as Germany, Estonia and the Netherlands do not want to alienate the euro-outsiders, as they are determined to safeguard a liberal single market and remove barriers to trade. Even if the recommendations of the Five Presidents' Report¹⁵ are fully implemented, these liberal insiders will continue to listen to British concerns and wishes regarding the single market. Within the eurozone, there continues to be fundamental disagreement over the balance between economic and political governance in Europe, which has only been intensified by the economic crisis. This also helps to explain why German Chancellor Angela Merkel has gone to great lengths to accommodate British interests—it could be argued that all eurozone members have tried all they could to accommodate Britain. Indeed, liberal hawks such as the Netherlands and Finland need a British voice in the EU to deepen the single market, including on services, the digital market and capital.

Third, there is substantial euro-scepticism among euro-insiders, which dampens the will to integrate. Marine Le Pen, leader of the National Front in France, wants her country

to leave the euro, and in Germany the Alternative for Germany is increasingly critical of economic and monetary integration.

Taken together, a deeper political and institutional split between euro-insiders and -outsiders will take some years to materialise, leaving time for the UK to find an optimal position in the EU system—if a majority of British voters vote to remain in the EU. This will require a different strategy from the one hitherto adopted by the UK, focusing not as much on safeguards, but on influence and voice in the single market. Eurozone integration in itself is not a reason for a euro-outsider to leave the EU.

However, should the UK decide to leave the EU, it will have incalculable consequences for Europe. For the eurozone, the situation would also be complex. In an ordered version of Brexit, it would lead to further integration around the core of eurozone members, leaving remaining euro-outsiders in a more marginalised and exposed position than if the UK had remained a member of the EU. This is part of the reason why Denmark, Sweden and other euro-outsiders fear the UK leaving the EU. A more disordered Brexit could perhaps lead to further disintegration of the EU with more member states holding referendums and choosing a looser coupling with the EU, leading to a watered down EU and the potential for eurozone disintegration, including the dismantlement of EMU. Of course, this is what Denmark, Sweden and other euro-outsiders, as well as euro-insiders, fear even more.

Conclusion

This article has focused on the management of differentiated integration, and in particular how the UK and other euro-outsiders manage their euro-outsiderness. The division between euro-insiders and euro-outsiders has become the central mode of differentiation in the EU. Choosing not to adopt the single currency is not just a decision about keeping monetary sovereignty; it is about where one stands in the integration process *per se*. I have argued that there are huge differences between voluntary and involuntary euro-outsiders and that they have different ways of dealing with their euro-

outsiderness and the dilemmas and constraints involved.

Euro-outsiders react differently to exclusion. Of course, it makes a great difference how the opt-out is designed in the first place. The UK has a 'complete' opt-out, while Denmark manages an opt-out which could be seen as largely symbolic and Poland is in between. Beyond formalities, the differences stem in how euro-outsiderness is handled from different national dispositions in addressing the integration dilemma between autonomy on one hand and influence on the other. For the UK, euro-outsiderness contributes to the idea that it requires special treatment. For other euro-outsiders, opting out is seen as a more pragmatic choice that naturally comes with some costs. Euro-outsiders such as Denmark work hard to be as close to the core as possible.

A club requires commitment from its members. Contrary to assumptions in media coverage and political discourse, differentiated integration is not straightforward. One of the striking aspects of British euro-outsiderness is that its management largely takes place below the radar of public attention. Thus, contrary to voters in other euro-outsider states, British voters are presented with euro-outsiderness as merely a pragmatic solution. When David Cameron vetoed treaty changes in December 2011 that would have allowed the fiscal compact to be part of the treaties (albeit only binding on the euro countries), Foreign Secretary William Hague said: 'Within the European Union there are different groups of countries that cooperate on different subjects. Some are in the euro and some aren't.'¹⁶ This may be true, but the UK will not escape the dilemma between influence and autonomy, even if it chooses to leave the EU.

Notes

- 1 R. Adler-Nissen, *Opting Out of the European Union: Diplomacy, Sovereignty and European*

Integration, Cambridge, Cambridge University Press, 2014, p. 109 I wish to thank Anand Menon, Rachel Minto and Luigi Scazzieri for extremely helpful and insightful comments and suggestions. I also thank Lukas Laursen for assistance with data gathering on the newspaper coverage.

- 2 Decision of the Heads of State or Government, meeting within The European Council, concerning a new settlement for the United Kingdom within The European Union, EUCO 1/16, Annex 1 to the European Council Conclusions, 19 February 2016, p. 10.
- 3 J.-C. Piris, *The Future of Europe: Towards a Two-Speed EU?* Cambridge, Cambridge University Press, 2012, p. 102.
- 4 N. Petersen, 'National strategies in the integration dilemma: An adaptation approach', *Journal of Common Market Studies*, vol. 36, no. 1, 1998, p. 35.
- 5 Decision of the Heads of State and Government, 19 February 2016.
- 6 The following sections build largely on Chapter 4 in my book: Adler-Nissen, *Opting Out of the European Union*.
- 7 Prime Minister David Cameron's statement on EU reform and referendum, House of Commons, 22 February 2016.
- 8 Ibid, p. 91.
- 9 J. C. Juncker, D. Tusk, J. Dijsselbloem, M. Draghi and M. Schulz, Completing Europe's Economic and Monetary Union. Five Presidents' Report, 2015.
- 10 Cameron's statement on EU reform and referendum, p. 100.
- 11 J. C. Juncker, D. Tusk, J. Dijsselbloem, M. Draghi and M. Schulz, Completing Europe's Economic and Monetary Union.
- 12 Cameron's statement on EU reform and referendum, p. 99–100.
- 13 'Britain opts for the empty chair', *Financial Times*, 9 December 2011.
- 14 Decision of the Heads of State and Government, 19 February 2016.
- 15 J. C. Juncker, D. Tusk, J. Dijsselbloem, M. Draghi and M. Schulz, Completing Europe's Economic and Monetary Union.
- 16 In quotes: 'Timeline of reaction to UK's EU treaty veto', BBC, 13 December 2011, <http://www.bbc.com/news/uk-politics-16137256> (accessed 17 May 2016).