

State Governance within the EMU in an Age of Globalization—The Case of the UK

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Abstract

The most significant requirement for joining in the Economic and Monetary Union (the EMU) for member states is to hand over economic sovereignty. For the UK, one of the three non-euro EU countries with a strong historical tradition of independence, this delegation of sovereignty seems to be a most demanding price to fulfill its EMU commitment. This paper aims to analyze and assess how the UK's economic sovereignty would be lost and how its state governance would be affected by the EMU membership within the context of globalization. As the UK is one of the world's most open economies and Europe's premier financial center, which further implies its high vulnerability to changes of the world economy and finance, the emerging trend of contemporary globalization and its impact on state governance need to be reviewed first. Within such a context, the role of the EMU as a promoter of economic sovereignty of member states will be argued. This paper will then turn to the case of the UK to discuss how its economic sovereignty will be circumscribed within the EMU by evaluating four indicators. It concludes that, as European economies becomes more homogeneous, and policy convergences

between the UK and the EMU increase, the positive effects of EMU membership on the UK's economic governance in this era of globalization would be more illuminating, while the costs of a loss of sovereignty would be lessened.

Key Words: Globalization, the EMU (the euro), the UK, State governance, Economic sovereignty