

CONCLUSION

When a referendum was called on its constitutional future, opinion polls in Australia were clear for months that the country would ditch the monarchy and become a republic. Yet on the day, every state voted to keep the Queen. The existing system was not widely liked, but campaigners for the monarchy helped to swing the result their way by focusing on what would replace it (an appointed head of state, when none of the potential candidates enjoyed much support). It was a classic lesson in how to overcome instinctive calls for change and maintain the status quo in a referendum – by moving the argument beyond the failings of the current system to debating what the alternatives could really mean. It was a tactic used so remorselessly by the Better Together campaign in the Scottish independence referendum that it earned the nickname Project Fear. Just as there were broad objections to the monarchy in the run-up to the referendum Down Under, there are similarly pervasive feelings of antipathy towards the European Union in the UK. The EU is regarded by many as bureaucratic, remote, lacking democratic accountability and wasteful – for the twenty-first year in a row,

auditors gave an ‘adverse opinion’ on its accounts due to multiple ‘errors’ resulting in €6.5 billion being misspent in 2014 alone. In the EU’s own Eurobarometer opinion poll published in December 2015, just 23 per cent of the British said they trusted the EU, with only Cyprus and Greece polling lower, and only 17 per cent of British respondents said they thought the EU was going in the right direction (five countries were even lower, including Greece and France). Successive crises have brought the EU to its knees and demonstrated that it can barely cope with the big challenges of the modern world: the euro crisis saw Greece plunged into a six-year recession, while high levels of youth unemployment persist in half a dozen eurozone countries pressurised to adopt tough austerity measures; the migrant crisis exposed a spectacular inability to coordinate an effective response, jeopardising both security and the future of the borderless continental travel area.

The EU has plenty of faults. But will a reflection on the practical implications of leaving be decisive in determining whether, as in Australia, voters stick with the devil they know?

This book has assessed the areas where the EU impacts most upon the UK. It has highlighted instances where the EU has been beneficial to communities in Britain, for example ensuring generous subsidies to reward farming and support regional development through good economic times and bad. It has also highlighted huge bureaucratic costs for business and industry such as the Working Time and Reach (chemicals) directives that

would not have been devised by MPs in Westminster but were unavoidable due to EU membership. No system of governance is perfect and no one will agree with every law passed, which is why, at the national level, political parties are regularly voted in and out as the pendulum of public opinion swings for or against a particular choice of administration. One of the fundamental complaints about the EU, however, is that its form of democracy does not work like that. There is no pendulum. Whichever political movement is in the ascendant in the European Parliament, whoever is appointed to the role of European Commissioner and whichever national governments are represented in the European Council, the EU bandwagon seems to roll on in broadly the same direction of greater integration. As Günter Verheugen, the German member of the European Commission from 1999 to 2009, observed (before Croatia brought the membership total to twenty-eight nations):

There are twenty-seven commissioners, which means twenty-seven directorate-generals. And twenty-seven directorate-generals means that everyone needs to prove that they are needed by constantly producing new directives, strategies or projects. In any case, the rule is: More and more, more and more, all the time.

To be fair, Jean-Claude Juncker, who became President of the European Commission in 2014, made a determined start on cutting the notorious levels of red tape produced in Brussels by putting a vice-president in

charge of a better regulation agenda, proposing just twenty-three new initiatives for 2016 following an average of 130 a year under his predecessor José Manuel Barroso, and attempting to focus clearly on promoting jobs, growth and investment. In another change of approach, Juncker also proposed withdrawing a number of initiatives as well as announcing a review of key areas of legislation such as workplace health and safety ‘to ensure they are fit for purpose’. This all fitted in handily with one of the four goals of David Cameron’s renegotiation – to cut bureaucracy and kill the urge to produce ‘more and more, all the time’. The Prime Minister’s other three renegotiation points were also aimed at giving some measure of comfort to wavering voters looking for better protection from Margaret Thatcher’s warning about the dangers of a ‘European super-state exercising a new dominance from Brussels’. The safeguards for non-eurozone nations from group voting by the euro countries are a sensible move to reassure those who fear that the entire EU project could become driven by the needs of saving the single currency, as well as giving a group of more eurosceptic countries a form of emergency brake on legislation. Similarly, a ‘red card’ for national parliaments is a step towards returning power to national capitals, even if experience of the ‘yellow card’ suggests that the measure will hardly ever be used, while it remains to be seen if the end of the commitment to ‘ever closer union’ applying to Britain will have more than a powerful symbolic importance; and again only time will tell if toughening up restrictions on certain

welfare benefits for EU citizens will have a significant effect on net migration to Britain.

How to vote, then, when the referendum comes? This book has shown that in many of the key themes and sectors affected by EU membership, there are strong arguments on both sides of the fence. The weight of argument on Britain's place in the world is that it would be diminished by leaving, an inevitable effect of detachment from a regional power, and perhaps the unavoidable fate anyway of a cash-strapped medium-sized country in the process of downsizing its armed forces and global diplomatic presence. If Britain was to leave the EU, inward investment may well fall, putting thousands of jobs at risk and threatening national income. But the negative impact in these areas will be negligible if Britain remains in the Single Market like Norway, or agrees a comprehensive Free Trade Agreement upon departure to retain open trading links. Unfortunately for voters, the precise nature of Britain's post-EU relationship will not be clear at the point of voting, adding another layer of uncertainty to an already complicated choice. If there were to be no penalties for leaving, other net contributor countries such as Sweden and Denmark could also be tempted to flee, meaning that Brussels will make sure that there are consequences for the first nation to call it a day.

The EU nation which will feel the largest impact, however, will be Britain's nearest neighbour, Ireland. A report by the respected Economic and Social Research Unit, based in Dublin, said in November 2015 that a

Brexit ‘could reduce bilateral trade flows between Ireland and the UK by 20 per cent or more’ if Britain failed to remain part of the EU’s Single Market and trade barriers were reimposed. It added that: ‘While the 20 per cent estimate is an average figure, the impact would differ significantly across sectors, products and firm types as merchandise trade in particular is heavily concentrated in some sectors and products ... and any barriers to trade would increase prices of UK imports to Ireland.’ The economy of Northern Ireland would also be vulnerable to a return to trading barriers, the report warned.

As mentioned in the Sovereignty chapter, the impact of Brexit could be also be dramatically felt on the other side of the Irish Sea if it triggers a second independence referendum in Scotland. Although the EU vote is on Britain’s relationship with its European neighbours, concern about the internal relations of the UK could well become a major factor for many voters.

Some of the benefits to be gained from leaving the EU that seemed obvious just a few years ago are a little less clear-cut today. The Common Fisheries Policy has long been a by-word for atrocious EU governance but has finally undergone reforms that seem to promise better management, closer to regional needs and more responsive to scientific advice. On international trade, the European Commission failed for years to press forward with far-reaching Free Trade Agreements but seems at long last to have woken up to the world beyond its border region. The TTIP deal being negotiated with the US could finally demonstrate that there are substantial

benefits from trusting the EU with the responsibility for international trade policy. It will not convince many eurosceptics, who point out that the EU has failed to achieve a free trade deal with any of the top five non-European economies in the world (US, China, Japan, Brazil and India). Closer to home, the EU rushed into green targets and mechanisms to combat climate change that have so far proved costly failures, such as the Emissions Trading System. There are some signs that a more realistic balance is being struck, including the decision to leave fracking to national governments and to back off from charging all airlines for emissions for the whole of any flight into the EU. Only time will tell if Brussels can find the right blend of climate- and business-friendly green policies.

Some advocates of an EU membership based mainly around trade argue that like-minded voters who want more far-reaching reforms to Britain's relationship than those presented by David Cameron should vote to leave, so that the EU is shocked into further concessions to prevent Britain's departure. The 'real renegotiation' could then begin followed by a second referendum on a radically changed form of membership. Cameron has sought to quash this idea, not least because it might tempt undecided voters to join the 'leave' camp. In his Chatham House speech, the Prime Minister insisted:

This is a huge decision for our country, perhaps the biggest we will make in our lifetimes. And it will be the final decision. So to those who suggest that a decision in

the referendum to leave would merely produce another stronger renegotiation and then a second referendum in which Britain would stay, I say think again. The renegotiation is happening right now. And the referendum that follows will be a once-in-a-generation choice ... If we vote to leave, then we will leave. There will not be another renegotiation and another referendum.

This reflects the legal position that a vote for Brexit would lead Britain to trigger Article 50 of the Lisbon Treaty, the exit clause for a country wishing to leave the EU. It allows two years to negotiate a new relationship, which could be extended if both sides agree. However, history shows that a referendum that goes against the grain of the EU is usually followed by a second attempt, including Denmark's re-run rejection of the Maastricht Treaty (it voted for it second time after receiving four opt-outs), Norway's two attempts at joining (rejected both times), and Ireland's rejections of the Nice and Lisbon Treaties (both passed second time after extra guarantees). When the proposed EU Constitution was rejected by France and the Netherlands in 2005, almost all the changes were repackaged into the Lisbon Treaty of 2009. Legally, Cameron is right to warn against a second referendum with a better offer to Britain following an initial 'leave' vote but past form suggests it is possible – albeit a very high-risk option for those voters who fundamentally want to stay in the EU.

What, then, would be the positive advantages of leaving? Primarily it would mean opting out of the European

political project, so that all legislative decisions and judicial oversight will once again be based on the British Isles – provided that membership of the Single Market through the European Economic Area is also rejected. If the UK left the EU only to join the EEA, then legislative decisions over farming, fishing, justice, policing, international trade policy, regional funding, transport, VAT and customs will return to these shores and become subject to UK courts, while employment and social regulations, the four freedoms, state aid, competition and consumer affairs policy, and most environmental regulation would stay under the EU and the European Court of Justice. As they mark their referendum ballot paper to stay or leave, voters are unlikely to know what the UK's post-EU status will be. It means in practice that only those comfortable with being outside the EU and the EEA should vote for Brexit, in line with UKIP policy for a Free Trade Agreement with Brussels and nothing more.

A complete break of this kind means that Britain will be at liberty to reverse any EU rule or regulation accepted into domestic law. Many will not be removed because they protect air, food or water quality, or guarantee equal treatment for men and women in the workplace. An independent UK government will be free to introduce more 'flexibilities' for employers, such as scrapping the EU's minimum four-week paid annual holiday entitlement or abandoning the equal rights for agency workers after twelve weeks in a job. Other expensive requirements, such as holding open a post for a pregnant worker who leaves to have a baby,

could be revoked for small and medium-sized businesses altogether. With the rest of the country freed from EU standards, the onus will be on exporters to ensure that they keep up to date with the latest technical and legal requirements agreed in Brussels if they want to trade with the continent. Whole areas of national life will return to domestic control, from regional funding to agricultural support to international trade policy – although any decision to cut tariffs to allow cheaper imports of food and other goods must be applied evenly to all markets under World Trade Organization rules. That will limit the ability to respond in kind to protectionist moves by Brussels following Brexit. VAT could be scrapped and replaced with a local sales tax to stimulate regional economies.

This book found that the sector most strongly against leaving the EU is the City of London. Under the ‘complete break’ scenario, thousands of jobs and billions of pounds in taxes could flee the country. The implications could be far-reaching – a drop in government income would need to be made up elsewhere, the withdrawal of significant support from wealthy bankers for the London property market could mean a house-price correction, and the long-term reduction in critical mass for the financial services industry could lead to a rebalancing of the British economy. For some, this provides ample reason for voting to leave the EU, while for others it will be a reason to stay.

In the end, the choice facing Britain boils down to a clash of fundamental forces. On the one hand there

is the defence of national identity and sovereignty from a supranational political project where Britain's view by definition cannot always prevail, while on the other hand there is the belief that only joint governance will ensure economic and national security in full partnership with Britain's neighbours. Many of those who passionately want to leave the EU subscribe to those analysts who foresee no financial damage to the national balance sheet, or indeed economic benefits from Brexit, while Nigel Farage has said that he would 'rather we weren't slightly richer' if Britain could regain full border controls. Many of those who passionately want the UK to play a full part in the EU see no other way to deal with globalisation than sharing sovereignty to build a mighty European bloc. Most British voters lie somewhere between these two positions, torn between the ideal of open European commerce and pulling up the drawbridge, with a feeling that in practice the EU experiment has gone too far.

Returning to sovereign control over domestic affairs and full responsibility for its destiny on the world stage, Britain's economy is robust enough to survive outside the EU despite the upheaval of leaving. The question is whether it will thrive – and whether departure will trigger the break-up not of the EU, but of the UK, with a new independence vote in Scotland.

This book has highlighted the wide range of shared concerns between the European nations and shown that some measure of compromise is inevitable in the face of so many competing national interests. Whatever the

outcome of the referendum, every effort should be made to maintain the best possible working relations with the EU. No perfect formula exists for the complete jigsaw of continental cooperation and Britain has much to lose from an acrimonious breakdown in relations with the European Union, in or out.