

‘What country, friends, is this?’

A guide to the
EU referendum
debate

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Foreword

Professor Nick Pearce,
Director of the Institute
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The UK joined the European Economic Community (EEC) in 1973, a year that Henry Kissinger declared would be the “Year of Europe”. But what was this entity? It was already more than a common market, but much less than a political union. It spanned much of Western Europe, but not the east: Europe was then a continent divided by Cold War borders. Dictators, not democrats, still governed in much of Southern Europe. And until the UK joined, one of Europe’s three major powers stood outside the fledgling union. As a diplomat of the time put it: “Before the arrival of the British it was rather doubtful whether we had the right to call ourselves Europe.”¹

The British left was still largely Eurosceptic in the early 1970s, so when Harold Wilson was re-elected Prime Minister (twice) in 1974, he chose to put Britain’s membership to the people in a referendum, rather than try to bring the Labour Party round to a unified position. The British people voted by a sizeable margin to stay in – 67% were in favour. Slowly, the left began to accept the European project, while increasing numbers on the right of British politics came to disavow it. Fast forward to 2016, and the UK is going to the polls again, this time under a Conservative Prime Minister whose party is split, as Labour was, on whether to remain or leave.

In the 1970s, the world was hit by an oil shock and the collapse of the post-war economic order. But by then Europe had enjoyed 30 golden years of growth (“Les Trente Glorieuses”) and subsequently navigated its way through the turmoil into renewed prosperity in the 1980s. New members joined the European community – first from the Southern Mediterranean and other parts of Western Europe, and then, with the collapse of the Berlin Wall, from Central and Eastern Europe. Its ‘output legitimacy’, as academics put it, was extraordinarily high. It had built strong social market economies, promoted human rights and democracy across the continent, and was largely a force for good on the world stage.

Then, in 2008, the global financial crisis struck. Its aftershocks were brutal, exposing the contradictions and tensions at the heart of the Eurozone. Southern and peripheral Europe – into which capital had flowed plentifully from Northern European banks before the crisis – had the taps turned off. Instead of coordinated reflation and balanced adjustment across the continent, a policy of austerity dished out recession, stagnation and mass unemployment, the brunt of it borne by the young. After half a decade of this self-inflicted hardship, economic

1. Van Middelaar, L. (2013), *The Passage to Europe*, New Haven and London: Yale University Press, p. 174

crisis was joined by political strife, as the turmoil in the Middle East precipitated a refugee crisis of immense proportions. This has proved a toxic cocktail: the far right has returned to the European mainland.

These are hardly the most propitious circumstances in which pro-Europeans would choose to fight a referendum. Yet Britain's debate has thus far largely sidestepped the travails of its Eurozone neighbours, focussing instead on the UK's own economic and social concerns. The challenges of democratising the EU, restoring inclusive economic growth and meeting the global threats of security and climate change have not featured much. But as Brendan Simms, the Cambridge University historian, puts it in his latest book *Britain's Europe*: "The failure of the European project, and the collapse of the current continental order, would not only be a catastrophic blow to the populations on the far side of the Channel but also to the United Kingdom, which would be directly exposed to the resulting storms, as it has always been." Britain has always been part of Europe, Simms argues, "a piece of the continent."²

With that spirit in mind, this collection of pieces by academics at the University of Bath gives a wider view of Britain's referendum. It focusses on major policy questions the UK faces in making an informed judgement about its EU membership, such as what leaving or remaining might mean for our economy and national security, but also draws in the perspectives of some of our major European partners, looking at how the possibility of Brexit appears to them. It locates the UK's debates on the wider canvass of the rest of Europe.

It is not a pamphlet that instructs its readers how to vote, but one that can be read by people wanting to inform their judgement. With that in mind, I hope you find it useful and enlightening.

2. Simms, B. (2016) *Britain's Europe*, London: Allen Lane, p. 246



**Public attitudes
and political
discourses
on the EU in
the Brexit
referendum**

‘To be or not to be?’ ‘Should I stay or should I go?’ and other clichés: The 2016 UK referendum on EU membership³

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In January 2013, under pressure from his own backbenchers, the growing influence of UKIP and the tabloid press, Conservative Prime Minister David Cameron announced that the Conservatives would hold a referendum on UK membership of the European Union (EU) if his party were to win the general election in 2015.⁴ This watershed moment in the evolution of the UK debate on ‘Europe’, followed by the Conservative majority victory at last year’s general election, led the Prime Minister to underline his manifesto promise for an ‘in-out’ referendum with the commitment included in the Queen’s speech at the beginning of his second term. Three years on from the 2013 watershed moment, British politics in 2016 has been dominated by the referendum debate. In February the Prime Minister negotiated an agreement with the European Council (EC) which he claimed would give the UK ‘special status’ in the EU (which has subsequently been ratified) and also announced the date of the referendum for 23 June 2016. The Brexit referendum, as it has been labelled by the media, has thus become both the most predictable and the least predictable event on the horizon of British politics. Predictable in that in the three months leading up to the referendum, British politics will be dominated by the campaign; predictable in that the wording of the referendum question

3. A previous version of this article was first published in April 2016 as an introductory essay in the Routledge Free book entitled *The EU, Euroscepticism and BREXIT*

4. Startin, N. (2015) ‘Have we reached a tipping point? The mainstreaming of Euroscepticism in the UK’, *International Political Science Review*, p. 311–323

A UK withdrawal would raise fundamental questions about the future direction of the EU, with some commentators – in the context of the refugee crisis – even arguing that its very existence is at stake

has been decided,⁵ and predictable in that we know who is eligible to vote.⁶ It is unpredictable, however, in that the outcome remains far from certain. There has been a clear disparity between online and telephone-based polls in recent months with the former pointing towards a potential Brexit and the latter more clearly towards a Remain. Since the announcement of the government's deal with the EU and the date of the referendum, the polls have tightened – but the latest Opinium poll, conducted for The Observer newspaper one month prior to the referendum, indicated that 44% of respondents were in favour of remaining in the EU, 40% were in favour of leaving, and 14% were undecided. However, with other polls suggesting that up to a third of voters are still undecided, attempting to predict the outcome is not straightforward. The situation is made more complex by the fact that according to Eurobarometer data, the UK has one of the highest levels of 'knowledge deficit' when it comes to an understanding of the EU.⁷ Many voters are genuinely unsure about the pros and cons of UK membership – something which has undoubtedly not been aided by the rather simplistic and sensationalist tabloid coverage of the issues thus far. There is a certain irony in the fact that the country in the EU that has arguably the least collective understanding of the EU will in fact be the first country to vote on whether to remain within it since the UK itself voted in 1975 to stay in what was then the EC.⁸ The unpredictability surrounding the result of the referendum will also have an impact which reaches well beyond the UK. A Brexit would further galvanise Eurosceptics across the EU and strengthen demands for referenda on EU and/or Eurozone membership in various countries. Marine Le Pen, the leader of the French *Front National*, the leading party in France in the 2014 European elections, recently labelled herself 'Madame Frexit' – and in France and elsewhere events in the UK will be scrutinised closely. A UK withdrawal would raise fundamental questions about the future direction of the EU, with some commentators – in the context of the refugee crisis – even arguing that its very existence is at stake.⁹ In this respect it should not be overlooked

5. The wording of the referendum question was altered on the advice of the Electoral Commission which reported that the original 'Should the United Kingdom remain a member of the European Union' was 'not balanced and there was a perception of bias' in favour of the remain campaign. It was replaced by the two-sided question "Should the United Kingdom remain a member of the European Union or leave the European Union?" with 'remain' or 'leave' replacing the previous 'yes' or 'no' answer of the original wording

6. British, Irish and Commonwealth citizens over 18 who are resident in the UK, UK nationals who have lived overseas for less than 15 years and commonwealth citizens resident in Gibraltar are eligible. EU nationals resident in the UK (with the exception of Irish, Maltese and Cypriot nationals through commonwealth status) and 16 and 17 year-olds are not – in spite of the precedent of the 2014 Scottish Independence referendum, and an attempt by Labour and Liberal Democrat peers in the House of Lords to include 16 and 17 year-olds as part of the electorate for this plebiscite

7. European Commission. (2015, May). Standard Eurobarometer 83. Retrieved from http://ec.europa.eu/public_opinion/archives/eb/eb83/eb83_en.htm

8. It should be pointed out that Greenland, part of the Danish realm when it joined the EC in 1973, voted to leave the EC in a referendum in 1985 after Denmark had granted it home-rule in 1979

9. Matters, M. (2016) 'The EU's future is at stake', NEWEUROPE. Retrieved 23 May from <https://neurope.eu/article/eus-future-stake/>

that against the backdrop of the economic crisis, opposition to the EU has become increasingly embedded across the EU as a whole.¹⁰ Although Euroscepticism is a British invention in terms of its origins, it is a word that has become pertinent in all member states in the post-Maastricht era. Whatever the outcome of the referendum it will be a watershed moment in terms of the evolution of the European project.

What will determine the outcome of the referendum?

In reality a complex mixture of demand and supply-side contemporary-driven variables are likely to determine the outcome of the referendum, although before considering these it is worth just dwelling briefly on the historic dimension of the UK's relationship with the EU as this will also undoubtedly help to shape the campaign. Stephen George¹¹ famously labelled Britain as the 'awkward partner' in its relationship with the then EC. Historically, the British Eurosceptic tradition is very much linked to the past and to a nostalgic attachment to a perceived bygone era of a better Britain, one which is deeply couched in notions of sovereignty and identity.¹² Thus, notions such as the English Channel acting as both a physical and psychological barrier, the existence of a mono-lingual British culture, the UK's Special Relationship with the United States, its history of empire and commonwealth and its Second World War experience are important historic memories that provide a backdrop to the campaign.

Demand-side influences on the referendum outcome

Returning to the contemporary context and the demand-side variables likely to influence the outcome of the referendum, Eatwell¹³ argues in the context of the electoral rise of far-right political parties that "socioeconomic developments, such as the impact of immigration, unemployment or rapid social change" act as a catalyst in determining voter choice. Parallels can be drawn with regard to the UK referendum on the EU in that there are undoubtedly a number of similar, crucial demand-side variables which will impact on the result of the referendum. Figure one provides an overview of these and it is important to stress that neither the 'in' nor the 'out' campaigns will necessarily have ownership of the demand-side issues at stake.

10. Usherwood, S., Startin, N. (2013) 'Euroscepticism as a Persistent Phenomenon', *Journal of Common Market Studies*, 51: 1, p. 1–16

11. George, S. (1990) *An Awkward Partner: Britain in the European Community*, 1st Edition: Oxford University Press

12. Startin 2015

13. Eatwell, R. (2003) 'Ten Theories of the Extreme Right'. In Merkl & Weinberg (eds.) *Right wing Extremism in the Twenty First Century*, p. 47–73

Figure one: Demand-side variables as influences and impacts on referendum outcome

- Immigration – freedom of movement, Schengen, refugee crisis
- Security – terrorism, borders, Fortress Europe
- Economic Crisis – the ‘Rational Choice’ debate – how much does the EU cost? Is the UK better off in or out?
- Climate Change – should the EU take a lead? Are fossil fuels ‘man-made’?
- EU ‘democratic deficit’ – sovereignty, transparency, reform? – EU positives?

The effects of immigration and security are clearly two of the major demand-side issues which will have a great impact on shaping voters’ perceptions. In the context of the refugee crisis and against the backdrop of the terrible events of 2015 and 2016 in Paris and Brussels, these two issues have become intrinsically linked as discussion has centred increasingly on both the freedom of movement and Schengen. One of the crucial factors in this respect is that in the UK context, the freedom of movement and Schengen are sometimes misunderstood to be one and the same thing. Thus, the Britain Stronger in Europe campaign will need to emphasise robustly that the UK is not part of the latter if it is to gain any traction on the issue of immigration. On the related issue of security, the intervention of the Armed Forces Chiefs in favour of membership (‘Generals: We are safer in Europe’) in their letter to *The Daily Telegraph* back in February was an important opening fillip to the Remain campaign as both camps sought to gain traction on this crucial demand-side issue.¹⁴

Similar observations with regard to issue ownership are evident with regard to what is often referred to as the economic or ‘rational choice’ dimension of the campaign. Prior to the global economic recession which triggered the crisis in the Eurozone in 2008, the economic benefits of the EU as a regional actor within a cohesive single market were very much perceived as a major, positive consequence of membership. The ‘rational choice’ argument was based on the assumption that growth and jobs would ensue as a result of both the single market and currency. However, the bailouts in Greece and elsewhere, the knock-on effects of austerity, cuts and rising (in particular youth) unemployment have undermined the force of this argument. Consequently, although the UK has not been hit as hard by the consequences of the global economic crisis as other EU countries – and although the Eurozone is showing signs of recovery – the potential economic pros and cons of membership will be hotly contested by both camps for the duration of the campaign with the Remain campaign not necessarily gaining the

14. Dominiczak, P. (2016) ‘Generals: we are safer in Europe’, *The Daily Telegraph*, 24 February, p. 1

upper hand. That said, although claims of the perceived financial, daily cost of EU membership have been a galvanising force for the Leave campaign, the support of Bank of England Governor Mark Carney, Head of the International Monetary Fund (IMF) Christine Lagarde and forecasts by the Treasury that the UK would be plunged into a recession following a Brexit appear to have placed the Remain campaign on the front foot with regard to the economic dimension of the debate.

Another issue that could also influence (particularly younger) voters in favour of UK membership is climate change. The perception that reducing the UK's carbon footprint in isolation without the existing EU framework, remains a strong argument in favour of staying in the EU for many environmentally conscious voters. Added to this, the existence of 'man-made' climate change is contested by some prominent Brexit campaigners such as Nigel Lawson, so this issue could easily gain traction and become a rather polarising bone of contention as the campaign progresses towards a conclusion.

The EU itself is also, obviously, a crucial demand-side factor which, as the campaign develops, will increasingly come under scrutiny. Broader than the questions surrounding the relative strengths and weaknesses of Cameron's negotiations secured in February – which are likely to fade as the campaign progresses – the broad-brush question of what the EU actually represents to UK voters is key. For many UK citizens (as elsewhere for that matter) the EU is perceived as an elite-driven, bureaucratic project which lacks transparency and is hostile to reform. The Remain campaign faces an uphill battle in countering this notion and will have to extenuate some of the positives associated with EU membership – be they major issues (like the fact there has been no military conflict between any member states since its formation) or minor (like the abolition of mobile phone roaming charges) – if it is to gain any traction in this area.

A final point worth flagging up with regard to demand-side influences on voter perception is the impact of any potential, unpredicted event(s) which might occur in the weeks or days prior to the plebiscite. For instance a further ISIS terrorist attack on a mainland European capital, or in the UK itself, would undoubtedly help to swing undecided voters (one way or the other) in the final stages of the campaign.

Supply-side influences on the referendum outcome

In terms of the supply-side variables – the messages that reach voters – a number of (sometimes overlapping) influences will contribute to the outcome. Figure two outlines some of the actors likely to impact on voter choice.

Figure two: Supply-side variables as influences and impacts on referendum outcome

- Political parties and civil society groups
- Domestic political leaders/elites
- Civil society and business leaders/elites
- The campaigns: Britain Stronger in Europe, Vote Leave, and Leave.EU
- EU, EU nation-state and international leaders
- Media: broadcasting media (BBC, Sky), the tabloid press and social media

Although mainstream political parties appear to have less influence than in previous decades, many voters still get their cues in referendum contexts from the positioning of the major political parties and of their leaders. In the context of this referendum, how voters perceive the Prime Minister's February 2016 negotiations with the EU to secure a 'better deal for Britain' in the areas of economic governance, competitiveness, sovereignty and immigration will be an important supply-side factor. With conservative elites and voters the most divided of the UK parties on which way to vote in the referendum, the announcement by the Prime Minister of a 'free vote' for cabinet members on the issue and former Mayor of London Boris Johnson's decision to back the Leave campaign were undoubtedly initial boosts for supporters of a withdrawal from the EU. With the Conservatives looking increasingly divided as the campaign progresses, the resignation of Iain Duncan Smith from the cabinet as Work and Pensions Secretary in March – which has been linked to the EU referendum debate by many observers – is a reminder that the civil war on 'Europe' has been simmering away within the party since the Maastricht era. Conservative divisions over Europe, and how the main protagonists within the party deal with and react to these, will undoubtedly have an influence on some (in particular conservative) voters' decision on which way to vote. The admission by David Cameron in April that he benefitted from an off-shore trust set up by his late father following the leak of the 'Panama papers' could potentially have a negative impact for the Prime Minister in his attempts to influence the Remain vote. Conversely, Boris Johnson's recent reference to Hitler in the same breath as the EU appears to have played out largely negatively in the media for the Leave campaign.

Labour remains united, for the most part, in support of the Remain campaign despite leader Jeremy Corbyn's somewhat lukewarm support for the European project, with former Home Secretary Alan Johnston leading the Labour in Europe campaign. Kate Hoey and German-born Gisela Stuart are the two most prominent MPs in the Labour Leave campaign. The Liberal Democrats and UKIP have, as would be expected, clear Remain and Leave stances with former Liberal Democrat leader Nick Clegg taking an active role as a Remain spokesman for his

party. As for Nigel Farage's influence, it remains to be seen whether his somewhat 'marmite' reputation will be a positive factor in terms of influencing undecided voters. North of the border, Nicola Sturgeon's SNP has lined up staunchly in favour of a Remain, which in part reflects the stronger support for the EU in Scotland. However, the consequences of what a vote to leave might mean in terms of a potential, subsequent referendum on Scottish independence is a 'sub-plot' which might influence some voters both north and south of the Scottish border.

Allied to the influence of the parties and their elites are the official Remain and Leave campaigns themselves which cross-cut the traditional party divides. The Britain Stronger in Europe campaign is fronted by Lord Rose, the former CEO of Marks and Spencer and also has the backing of West Ham United Vice-Chair Karen Brady. The campaign, which is supported by three former Prime Ministers (Major, Blair and Brown), has a strong focus on the perceived economic and security benefits of membership. On its homepage it states that "Britain is stronger, safer and better off in Europe than we would be out on our own".¹⁵ The weakness of the Remain campaign could well turn out to be a failure to connect with the emotional and psychological dimension of the European question which is where the Leave campaigns arguably have the upper hand.

The Brexit campaign was initially divided into two main campaign groups: Vote Leave and Leave.EU. The former was launched in October 2015 by Matthew Elliot (formerly of the TaxPayers' Alliance) and Dominic Cummings (former adviser to Michael Gove, a prominent Brexit supporter in the Conservative cabinet). Vote Leave has become the natural home for conservative Eurosceptics, although it does also include UKIP's sole MP Douglas Carswell and is part-funded by UKIP donor Stuart Wheeler. Labour's most prominent Leave campaigner Kate Hoey withdrew from the group in February, but John Mills – a major Labour donor – remains a backer. Vote Leave initially focussed on the economic side of the Brexit argument and has the backing of Business for Britain, the most prominent Brexit business leaders grouping. The group certainly has earned some kudos in terms of influencing the economic dimension of the debate.

The other, initially major Leave campaign Leave.EU is fronted by businesswoman Liz Bilney and is backed by UKIP leader Nigel Farage. The focus of the campaign leans heavily on arguments related to immigration and EU borders, as well as the perceived financial cost of EU membership. It states on its website that "We now pay a staggering membership fee of £15 billion each year to the EU".¹⁶ One of the major funders of Leave.EU is UKIP donor Aaron Banks, but the campaign is rather light when it comes to business backers. Following some infighting between the two main groups a third group, Grassroots Out, was formed in January 2016 by politicians from various parties including

15. *Britain in Europe*. (2016). Retrieved 23 May, 2016, from www.strongerin.co.uk/#10e7Di0RA08wHI5r.97

16. *Leave.EU*. (2016). Retrieved 23 May, 2016, from <https://leave.eu/en/our-campaign>

The final few weeks of the campaign are likely to be particularly heated as the debate becomes increasingly polarised and the three big issues of immigration, security and the economy continue to dominate the headlines

Labour's Kate Hoey and with the backing of Nigel Farage. Grassroots Out is effectively an umbrella group made up of Eurosceptics from across the spectrum that excludes Vote Leave. Grassroots Out pitched Vote Leave (unsuccessfully, as it turns out) by applying to the Electoral Commission to be designated as the official representative of the Leave campaign. As we move closer to the 'business end' of the referendum campaign, it remains to be seen how effective the various Leave groups will be at marshalling a consistent, coherent and united voice capable of attracting wavering voters from across the political spectrum.

A central part of the Remain and Leave campaigns and their strategies revolves around endorsement from 'big business', and undoubtedly the voice of cooperative companies and of business elites will have a bearing on the outcome of the vote. Significantly, as well as the support of the Bank of England, the IMF and the Organisation for Economic Co-operation and Development, more than a third of the UK's biggest companies including Marks and Spencer, Asda, HSBC and Airbus supported the Remain campaign in a letter to *The Times* on the 23 February which warned of the consequences for the UK economy in terms of the employment prospects of a Brexit. The Leave campaign Business for Britain, which was founded in 2013, claims that "Free from unnecessary, restrictive and financially punitive regulation... Britain will be the best place in the world to do business".¹⁷ The group has built momentum in the campaign particularly with regard to gaining the support of small, regional companies. Added to the role of business elites, civil society and interest groups will have an important role to play. One of the notable features of the campaign in the month or so after David Cameron announced the 23 June date was been the intervention of pro-EU professional and single-issue groups such as Scientists for EU, Environmentalists for Europe and Students for Europe. Here, in terms of sectorial groups the Remain campaign appears to have the upper hand.

Away from the UK, external influences will also be a factor. To what extent interventions in the campaign from EU political leaders such as the President of the European Commission, Jean-Claude Juncker, and the President of the European Council, Donald Tusk, will be viewed as either desirable or positive by the Britain Stronger in Europe campaign, given the likely response of the sceptical tabloid press, remains to be seen. Similarly, interventions from German Chancellor Angela Merkel and French President François Hollande in support of UK membership may be viewed by some voters as external meddling in what is perceived as essentially a British question. The intervention of Barack Obama, whose popularity remains high in the UK and who is in favour of the UK's continued membership, on a visit to the UK in April, was undoubtedly a cause of concern for the Leave campaign.

Finally, the messages reaching voters from the media will also have a bearing on the outcome of the referendum – whether it is the coverage on the *BBC* or *Sky News* or in *The Guardian* or *The Daily Telegraph*.

17. *Business for Britain*. (2016). Retrieved 23 May, 2016, from www.businessforbritain.org

As Daddow¹⁸ pinpoints: “In Britain European affairs are reported by a sceptical media to a population among whom knowledge of the EU is the lowest of all member states.” The ‘lop-sided’ playing field with regard to the tabloid press in the UK,¹⁹ with the *Daily Express* vehemently committed to a Brexit, and *The Sun* and *Daily Mail* thus far moving in that direction, certainly has the capacity to shape perceptions surrounding the pros and cons of EU membership among undecided voters. Conversely though, a similar argument could be deployed with regard to a potential bias on the part of the *BBC* in favour of remaining in the EU. Finally, the impact of social media should not be underestimated in the process of shaping perceptions as the various campaign and civil society groups use this medium to convey their message.

All in all, a complex mixture of demand- and supply-side variables will shape the outcome of the referendum. With significant numbers of voters still undecided, turnout will be a key factor, and both sides will seek to maximise their potential support. Mobilisation of the vote among under-30s could be the key to a victory for the Remain camp. The final few weeks of the campaign are likely to be particularly heated as the debate becomes increasingly polarised and the three big issues of immigration, security and the economy continue to dominate the headlines.

18. Daddow, O. (2012) ‘The UK media and ‘Europe’: from permissive consensus to destructive dissent’, *International Affairs*, 88:6, p. 1219–1236

19. Startin 2015

The same, but different: Wales and the debate over EU membership

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Insofar as the debate surrounding the EU referendum has noticed differing perspectives between the constituent nations that form the UK, it has almost entirely involved comparisons of Scotland and England. Specifically, it has focussed on how Brexit might affect Scotland's continued membership of the UK, with the Scottish National Party (SNP) raising it as a possible precursor for a second independence referendum. Yet, the situation in Wales is also worthy of attention. Wales, in many ways, is the referendum's 'swing seat' – a key target for both Leave and Remain campaigns – and looking at the recent debate between First Minister Carwyn Jones and Nigel Farage we find a perfect illustration of the dominant rhetoric from either side.

Wales: EU swing seat?

There has been a long-running assumption that Wales, like Scotland, is generally more supportive of the EU than England. Evidence suggests that this is not the case, however, identifying a 'healthy' degree of Euroscepticism in the former Principality. YouGov polling in February²⁰ reported Ceredigion as the most Europhile part of the UK; however, out of the 17 Welsh regions where data was available, only eight leant Europhile – four leant Eurosceptic and five close to the median. Positive news for the Remain camp on balance, but nevertheless somewhat mixed. A similar picture emerges from YouGov polling between June 2015 and February 2016 showing the Remain lead in Wales shifting from 4%, to 7%, -2% and -8%.²¹ The Financial Times splashed on these figures with a prediction that "Wales looks set to be the only devolved region [sic] to favour Brexit".²²

20. YouGov Website. (2016). Retrieved 23 May, 2016, from <https://yougov.co.uk/news/2016/02/28/eurosceptic-map-britain/>

21. Scully, R. (2016) 'All Welsh EU Referendum Polls So Far', Cardiff University Blogs. Retrieved 23 May from <http://blogs.cardiff.ac.uk/electionsinwales/2016/02/23/all-welsh-eu-referendum-polls-so-far/>

22. *Financial Times*. (2016). Retrieved 23 May, 2016, from www.ft.com/cms/s/0/2aa5a1fa-d64e-11e5-829b-8564e7528e54.html

Whether signalling a developing trend towards leaving or simply flux remains to be seen. However, increasing Euroscepticism in Wales may also be identified in the rising success of the UK Independence Party (UKIP). In 2015, UKIP polled 13.6% of the overall Welsh vote, but in six constituencies it achieved around 18% or more. Claims made by Plaid Cymru leader Leanne Wood that UKIP's "values are not the values of Wales"²³ have been undermined as the Europhile 'Party of Wales' was pushed into fourth place behind UKIP at the 2015 General Election. As my colleague Dr David Cutts and I have written,²⁴ UKIP also poses a growing problem for Labour in her valleys heartlands. The National Assembly of Wales was UKIP's key target in the May elections, and Nigel Farage's party won seven seats.

Wales is resultantly on the frontline of the EU debate and the way that debate is being framed and argued within Wales is significant beyond Offa's Dyke. In January 2016 the First Minister of Wales, Carwyn Jones, challenged Farage to a debate on the EU.²⁵ Studying the rhetoric of both Jones and Farage tells us a lot about how the campaign is being framed across the UK, but also the opportunities that appeals to local circumstances might provide each side.

In their debate, Farage and Jones struck very different but familiar poses, each in their own ways making appeals to the Aristotelian rhetorical triad *ethos*, *pathos* and *logos*. The following sections break down their opening statements in line with these appeals.

Logos

Appeals to *logos* involve the logic of an argument – cause and effect, and pointing to the evidence for your case. The first issue in both orator's arguments was thus to define the grounds of the debate. In Farage's words:

"The question is:

Do we wish to regain our independence as a nation state?

Do we want to be free to make our own laws?

Do we want our own courts to be supreme?

Do we want to take back control of our borders?

Do we want to be, like 200 countries around the world, a normal, self-governing nation, and live in a true democracy, where the people that we vote for, and the people that we can sack, are the ones that make our laws?

Or, are we just a part of [...] the EU. [...] Namely, are we happy to be a subordinate member of a bigger club?"

23. *Wales Online*. (2016). Retrieved 23 May, 2016, from www.walesonline.co.uk/news/wales-news/plaid-cymru-leader-leanne-wood-6789219

24. *Open Democracy*. (2016). Retrieved 23 May, 2016 from www.opendemocracy.net/ourkingdom/david-cutts-david-s-moon/why-rise-of-ukip-is-significant-threat-to-welsh-labour

25. This debate can be viewed on Youtube: www.youtube.com/watch?v=fRwkh9o5gk0

The (rhetorical) question of whether the UK should remain or leave is thus, for Farage, not about the risk of leaving, but the poverty of staying. The burden to produce evidence is resultantly not on his side – i.e. having to demonstrate why the UK would be better off ‘out’. It is those supporting continued EU membership who have to justify how the present, unacceptable system is at all tolerable.

While in Farage’s rhetoric the decision is about leaving an intolerable union to regaining the ‘normal’ freedom of currently lost sovereignty, Jones articulates it as about working together, internationally, and not fleeing into isolation. Making this case, his position as First Minister enables him to equate Wales’s position in the EU with that in the UK:

“Wales is part of two unions that provide us with stability, security and prosperity.

The union of the UK and the union that is the EU.

Neither one is perfect.

You’ve heard me talk many times about the need to change Wales’s relationship with Westminster.

But I will never advocate giving up and walking away.

There’s a saying, “decisions are made by those who turn up”. If you want change you’ve got to work for it, not walk away from the table.

And that’s what we need to do in terms of the EU.

And now, more than ever, is the time to work together, nationally and internationally.”

The comparison between the EU and the UK is unlikely to work in England, but for Wales, far smaller than her domineering neighbour, the argument that unions bring security carries weight. Support for Welsh independence from the UK flickers around 3–6%. Attempting to frame the two unions as somewhat analogous therefore makes sense. It also ties into the classic Remain argument that nations benefit from being “at the table” – whether Westminster or Brussels – when decisions are being made.

Jones backs up this argument with hefty appeals to facts and figures:

“[...] record foreign investment has gone into Wales this year. [...]

200,000 jobs in Wales rely on European trade.

Europe is our largest trading partner.

43% of our trade is with EU countries.

Hundreds of Welsh students study in Europe every year, many more go there to work, and thousands of families holiday there. [...]

500 companies from other EU countries have their base in Wales.”

Framed this way the logic of the argument is the reverse of Farage’s: to leave the EU would be a huge risk – the facts show this, just as they show existing benefits. Wales is one of the main financial beneficiaries of the UK’s EU membership, with many parts, since 2000, qualifying for EU Objective One funding; scarred by a legacy of unemployment and low wages, arguments about jobs and trade loom large in the country.

Farage, however, does not counter this line of argument with his own list of facts. Instead, he places his emphasis on the latter two rhetorical appeals: *ethos* and *pathos*.

Ethos and pathos

Ethos refers to rhetorical appeals to the good character of the orator, and Farage constantly places himself – and thus his *ethos* – at the centre of his argument:

“Unlimited EU immigration has driven down wages and put frankly intolerable pressures on our health and education systems”

*“I want independence.
I believe we’ll be better off out.
I believe we can free up our five million men and women running small businesses.
I believe we should make our own trade deals and stand on our own on the world stage and reengage with the Commonwealth and others [...] And crucially, yes I do believe we should control our own borders.
I think unlimited EU immigration has driven down wages and put frankly intolerable pressures on our health and education systems.
I want us to have an Australian-style points system.
I want immigration to be a positive topic in this country, not a negative one, but it can’t be as members of a European Union.”*

Appeals to his own *ethos* – as a ‘truth-teller’ who stands by his clear values – are backed up with attacks on the *ethos* of those who oppose leaving: they are “scaremongering” with hyperbolic claims that “if we weren’t in the EU trade would cease; jobs would be lost; we’d finish up somehow, living in caves.” Such arguments, Farage argues, “are made by the same people who said if we didn’t join the euro we’d be ruined” – people, in other words, with a history of poor judgements – and evidence that “our political class don’t think we’re big enough, or good enough, to be in control of our own country and make our own laws.”

This is how Farage fights back against the list of facts and figures reeled off by pro-EU politicians – by pooh-poohing them as part of ‘Project Fear’, parroting by untrustworthy politicians, and talking down the nation and its people. Rather than evidence to take into account, Jones’s list of business and jobs figures becomes a list of threats, doom and gloom. All of this is in supposed contrast to Farage, whose message is that of the positive patriot, who places himself at the head of his people: “I believe we are big enough, and strong enough, and good enough, and I want you to grab this historic opportunity to take back control of our own lives.” In this, Farage appeals to *pathos* – to emotion – specifically related to national pride and drive.

Since Farage places so much emphasis in his argument upon his own character, it makes sense that opponents seek to undermine this and Jones sought to promote his own positive *ethos* as First Minister while casting aspersions on his opponent:

*“As First Minister of Wales I’m here to tell you what this decision really means for our country.
And that starts with an admission.
There won’t always be easy answers to complicated questions.
In fact, if a politician ever tells you there’s an easy answer to a complicated question they’re pulling the wool over your eyes.
Because this is a serious debate about our future.”*

As framed by Jones, the debate thus came down to a distinction between his honesty as the Welsh people's elected (and generally popular²⁶) leader, compared to the deliberate oversimplifications and lack of seriousness of Farage's points. The facts of the matter – the *logos* of the argument – *do matter*; the complexity is real, and rather than fearmongering, it is responsible to recognise and warn of dangers that could have negative consequences for the nation. Like Farage, Jones also makes appeals to *pathos* – to the character of the nation, tying it to the referendum vote:

*“A vote in the referendum to stay in would be the vote of a confident nation.
A country that is comfortable with our place in the world.
A country that still believes that we have a role to play on the international stage.
And I believe that Wales is that confident country.”*

Conclusion

Where Wales goes, so goes the UK? It is too soon to tell, but any evidence that the Eurosceptic side is winning in Wales should be of huge concern to the Remain campaign. In the debate itself, so far, the rhetorical battle-lines have been familiar. On one side, Brexit is a dangerous jump into the unknown, unsecured and isolated. On the other, it is an escape from an intolerable situation into greater freedom and thus security. Those who argue to leave are either positive patriots, or simplifying, backwards-looking hucksters; and those who argue to remain are either fear-mongers talking the nation down, or serious and honest individuals with the facts on their side.

At the end of the day, Britain's vote will be determined not on the basis of a cool-headed collective appraisal of the details in all their complexity. It will be determined by the rhetorical ability of both sides to frame the debate around their preferred interpretation – to convince observers of the *logos* of their argument, the *ethos* of its advocates, and tap into the *pathos* of the electorate.

26. Scully, R. (2016) 'Ratings of the Party Leaders in Wales', Cardiff University Blogs. Retrieved 23 May from <http://blogs.cardiff.ac.uk/electionsinwales/2016/02/16/ratings-of-the-party-leaders-in-wales/>

The EU debate in Northern Ireland

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The regions of the UK have varying experiences of EU membership; it is therefore inevitable that the Brexit debate will vary across England, Scotland, Wales and Northern Ireland. Political preferences in Northern Ireland remain dominated by voters' constitutional preference. However, this is on the basis of Northern Ireland's place within the UK, rather than being (or not being) a part of the EU. That is not to say that the issue of EU membership is insignificant in Northern Ireland, rather the debate takes on a different form.

Northern Ireland is subject to a unique set of local circumstances that have impacted the nature of the debate surrounding the EU referendum. Firstly, as the only region of the UK that shares a border with another EU state, Northern Ireland could see economic and political relationships between itself and the Republic redefined by Brexit. Secondly, since the late 1990s, Northern Ireland has been in receipt of crucial structural investment funding from the EU to facilitate the peace process. Whilst the EU debate in Northern Ireland is touched by similar issues that have appeared across the UK, such as the economy and immigration, the discussion is also shaped by issues surrounding identity, peace, regeneration and what Brexit could mean for the future of the Union.

Where do the parties stand?

The Northern Ireland Assembly is split on the issue of Brexit. On the Unionist side, the Democratic Unionist Party (DUP), the largest party in Northern Ireland and by tradition Eurosceptic, are campaigning to leave along with the Traditional Unionist Voice (TUV) and UKIP. The Ulster Unionist Party (UUP) on the other hand are campaigning to remain within a reformed EU. Yet it is expected that party members of the DUP and UUP will have a free vote.

Within the nationalist bloc both Sinn Fein and the Social Democratic and Labour Party are campaigning to remain in the EU, along with the cross-communal Alliance Party.

Whilst unionist parties are split on the issue, data from the Northern Irish Election Survey (2015) identifies a strong link between identity and views on EU membership amongst the electorate. In response to the question, 'should the UK leave the EU?' those identifying as Irish were

**Across the UK
'fear tactics'
surrounding
Brexit largely play
on the uncertainty
surrounding
the economy**

most likely to disagree (55%) with British identifiers being less than half that (26%).²⁷

At the heart of the peace process was the changing notion of sovereignty and the shifting concept of national borders, as north/south economic and political co-operation increased. For nationalists, minority status within Northern Ireland was appeased by the prospect of dual nationality and both parts of the island being in the EU. Therefore, whilst some unionist arguments may rest on how British sovereignty has been undermined by the EU, for nationalists, this is part of the appeal.

The economy: what has the EU done for us?

With connections to the Republic of Ireland, Britain and the EU, the Northern Irish economy is attractive to foreign investment and emerging markets. The Northern Irish economy has grown significantly since the Troubles, yet unemployment rates are still slightly higher than the UK average and economic growth still lags behind.²⁸ Further legacies of the conflict on the region's economy include disparity between Catholic (8%) and Protestant (6%) unemployment rates.²⁹ Whilst economic activity rates in the region are increasing and the disparity between religious communities is closing,³⁰ the potential for Brexit to unsettle the Northern Irish economy is a key argument for the Remain campaign. More specifically, whether leaving the EU would unsettle the region to the extent that not only the economy will be put at risk, but the foundations of the peace process would be undermined.

With the aim of sustaining economic growth, promoting social inclusion and building positive communal relations, Northern Ireland has been in receipt of funding from the European Structural and Investment Fund Programmes. As part of these funds the region has received £1.39 billion (2007–2013) and is set to benefit from a further £1 billion (2014–2020). Documents for the Northern Ireland Assembly estimate that support from the EU between 2007 and 2013 accounted for 8.4% of annual GDP.³¹ Arguments to remain in the EU stress how losing this stream of funding would have negative implications for Northern Ireland's post-conflict society. To counter, those in the Leave Camp maintain that the proportion of money the UK puts in to the EU is more than Northern Ireland receives in return.

27. Tonge, J. (2016). Northern Ireland General Election Survey, 2015. [data collection]. UK Data Service. SN: 7523, <http://dx.doi.org/10.5255/UKDA-SN-7523-1>

28. Economic growth 2015 in the UK 2.4%, NI 1.6%: Northern Ireland Statistics and Research Agency. (2016, January). Northern Ireland Composite Economic Index Quarter 3 2015. Retrieved from www.economy-ni.gov.uk/sites/default/files/publications/deti/NI%20Composite%20Economic%20Index%20Statistical%20Bulletin%20Q3%202015.pdf

29. Northern Ireland Statistics and Research Agency. (2016, February). Labour Force Survey Religion Report. Retrieved from www.executiveoffice-ni.gov.uk/articles/labour-force-survey-religion-reports

30. In 1992, Catholic and Protestant unemployment rates were 18 and 9% respectively

31. Budd, L. (2015) 'The Consequences for the Northern Ireland Economy from a United Kingdom exit from the European Union Briefing Note: CETI/OU', p. 2

Across the UK ‘fear tactics’ surrounding Brexit largely play on the uncertainty surrounding the economy. In Northern Ireland, this takes on a more emotive nature. Particularly whether the loss of EU funding would undermine structural growth, community relations and ultimately the peace process.

What about immigration?

Northern Ireland’s demographic change from international migration is small relative to that of the rest of the UK. Traditionally, concern in Northern Ireland has been the net flow of people leaving the region as opposed to entering. During the economic downturn (2007/8–2012/13), the total number of people moving to Northern Ireland to live reduced by 24% whilst the number of people leaving increased by 12%. This was the highest population loss due to migration since the peace process. By mid-2013 all devolved regions experienced an increase in the number of people coming to live from outside the UK. The largest increase was Scotland (17.7%) with the smallest being Northern Ireland (4.4%).³²

This is not to say that immigration is a non-issue, particularly in relation to EU membership. There has been an increase in Polish immigration post-2004 and similarly in Romanian and Bulgarian immigration in 2014.

Whilst tensions do exist in Northern Ireland surrounding housing, jobs and immigration, and remain part of the Brexit debate, they are not seen to be as pressing as they are in the rest of the UK. When asked in the Northern Irish Election Study what the most important issue was at the last general election, only 3.1% of respondents chose immigration, the NHS and employment being of greatest concern. For the British Election Study, a similar survey across the rest of the UK, immigration came out as the top political issue (26.4%) followed by the economy (9%).³³

What does this mean for devolution?

It is difficult to predict the impact of the UK leaving the EU at the level of individual devolved regions. The debate in Northern Ireland so far has emphasised the fragility of the Northern Irish economy as well as the peace process. What is clear, however, is that this referendum highlights a fascinating aspect of post-devolution politics in the UK, especially if the UK as a whole supports a Brexit whilst Northern Ireland, Scotland and Wales wish to remain within the EU.

32. Northern Ireland Statistics and Research Agency. (2015, August). Long-Term International Migration Statistics for Northern Ireland (2014). Retrieved from www.nisra.gov.uk/demography/default.asp18.htm

33. British Election Study 2015. Retrieved from www.britishelectionstudy.com

Will women decide the outcome of the EU referendum?

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Will women decide whether Britain stays in the EU or leaves? As the campaign enters the critical final months, with opinion polls showing a very tight race, which way women will vote has become an increasingly important issue. Could they be the all-important swing voters on whom the result depends?

Let's start with the raw numbers. There are around a million more female voters than male voters. Women live longer lives on average than men and make up 52% of the electorate. More importantly, their longevity means that there are more women than men in the crucial 'older voters' category. Over-65s are a vital constituency because they are more likely to turn out to vote than young people: they were the age group with the highest turnout in the 2015 general election,³⁴ when 78% of them voted compared to 43% of 18–24 year olds. Women make up nearly 56% of the over-65 electorate. Together with the fact that older voters tend to express more sceptical attitudes³⁵ towards European integration, such figures might suggest that this important group of older women voters could tip the scales in favour of leaving the EU.

Yet that assumption is too quick. Women are in fact more likely to be undecided than men about the EU. In a February poll conducted by YouGov,³⁶ 19% of women said they didn't know whether Britain should remain or leave, compared to only 12% of men. Women have been consistently less likely than men to express a firm opinion³⁷ on EU membership: whereas 43% of men say they have made up their minds about which way to vote in the referendum, this figure drops to 29% for women. The proportion of women saying they are not sure about EU membership has been consistently around a quarter for the last

34. Nardelli, A. (2015) 'Election 2015: turnout crucial for Tories as Labour supporters stayed at home', *The Guardian*, 22 May. Retrieved 23 May from www.theguardian.com/politics/2015/may/22/election-2015-who-voted-for-whom-labour-conservatives-turnout

35. *YouGov Website*. (2016). Retrieved 23 May, 2016, from <https://yougov.co.uk/news/2015/09/22/eu-referendum-state-public-opinion/>

36. *YouGov Website*. (2016). Retrieved 23 May, 2016, from https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/6dyqk54jeu/EU_160226_Prospect_Website.pdf

37. Katwala, S., Ballinger, S. (2016). *How (not) to talk about Europe*. London: British Future

few years, and according to the latest ICM poll³⁸ has not been affected by the start of the official referendum campaign. Although some commentators argue that this gender gap simply reflects women's greater reluctance to state opinions,³⁹ rather than the fact that they have not made up their minds, the poll findings fit other evidence which suggests that women are indeed less engaged with the EU and therefore less likely to be informed about its institutions and policies.

Deborah Mattinson of the public opinion organisation Britain Thinks argued earlier this year that it was surprising that campaigns had not yet targeted women voters. That has all changed recently with the formation of two opposing groups each aiming to persuade women to vote one way or another. The Women In group, headed by business leaders and celebrities, was formed in January 2016 and focusses on economic issues, but has struggled to differentiate its programme from the mainstream Britain Stronger in Europe group, which begs the question why a separate group is needed. The pro-withdrawal campaign group Women for Britain, seeking to strike a patriotic chord, received more media interest with its launch on International Womens Day by employment minister Priti Patel – but perhaps not for the reasons she intended, as her attempt to claim the suffragette heritage was quickly snubbed by feminists and the Pankhurst family. Meanwhile, the recent divisions within the Conservative Party have brought Mrs Patel further into the limelight, pitting her against pro-EU Education and Equalities minister Nicky Morgan as rival potential leading figures in the party.

Appealing to women voters seems like a sensible strategy given the need to sway the 'dont knows', since the gap between the Leave and Remain positions appears to have closed. But working out what will convince women voters is far from straightforward. Politicians attempts to engage women in the 2010 and 2015 general elections led to more emphasis on jobs, childcare and 'family' issues in party manifestos;⁴⁰ in 2015, this may help to explain the reduction in the gap between the proportions of men and women voting, compared to previous elections. In other words, there is some evidence that focussing on womens concerns has the desired effect of mobilising them to vote.

In the 2014 Scottish independence referendum, too, both sides identified women voters as a target group for their campaigns as they were more likely to say they had not made up their minds than men.⁴¹ Women were thought less likely to vote for independence and their more cautious, economically-minded priorities featured heavily in

38. ICM Website. (2016). Retrieved 23 May from www.icmunlimited.com/media-centre/polls

39. Stewart, H., Asthana, A. (2016) 'Women urged to speak up to counter male-dominated EU debate', *The Guardian*, 5 March

40. See Rosie Campbell and Sarah Childs (2015) All aboard the pink battle bus? Women voters, womens issues, candidates and party leaders. *Parliamentary Affairs*, 68:1 (supplement: Britain Votes): p. 206–223

41. See Meryl Kenny (2014) Engendering the independence debate. *Scottish Affairs*, 23 (3): 323–331

the 'no' campaign. Just before the vote took place, polls suggested⁴² that the grassroots mobilisation of the 'yes' campaign, featuring female activists and highlighting Nicola Sturgeon's new style of leadership, had succeeded in infusing the independence argument with a more positive message of renewal. In the end, though, only 43% of women⁴³ supported independence, compared to 53% of men.

How all of this applies to the EU referendum is another matter. However, two consistent key features of women's reported attitudes stand out as potentially relevant to the referendum campaign. The first relates to the bigger priority given by women (compared to men) to 'bread-and-butter' issues such as education and employment. In theory, therefore, focussing on the EU's positive contribution to British jobs, and the concomitant risks of leaving, should help to persuade women to vote to remain. This is especially true as the arguments for withdrawal have hitherto tended to play on patriotic and anti-immigrant feelings which do not chime with women voters. This is why the Chancellor has repeatedly stressed in recent months the risks inherent in leaving the EU at a time of global economic uncertainty. Although weak growth in the Eurozone, and the widespread perception that it has not solved its structural problems, makes it harder to sell the economic benefits of EU membership, the argument that leaving would present significant risks remains a potent one (it is also why the precipitous fall in the Chancellor's personal ratings since the March Budget is problematic for the Remain campaign).

The second key feature is women's distaste for the antagonistic style of politics typified by Prime Minister's Question Time. Women do not like aggressive, partisan and polarising politics, which matters for the tone and conduct of the rival campaigns. Although the choice at the referendum is a binary one, and cannot be redefined in consensual terms, the messages and style of the campaigns will be important in determining how and whether women engage with the referendum debate. The fallout from the 2016 budget, and the febrile, often bitter, debate in the Conservative Party about its leadership, may not bode well for encouraging women to engage with the EU referendum campaign.

Most commentators agree that this campaign is not like any other and it is difficult to draw firm conclusions from the available polling evidence. One indication of how unpredictable attitudes on European integration have become is that young voters,⁴⁴ who have shown a consistently large majority of support for EU membership, do not

42. Riddoch, L. (2014) 'Scottish independence: Female voices have swung women towards a yes vote', *The Guardian*, 11 September

43. *Gender Politics at Edinburgh*. (2015). Retrieved 23 May, 2016, from <https://genderpoliticsatedinburgh.wordpress.com/2015/10/06/gender-and-the-independence-referendum-ge2015-brexit-and-beyond/>

44. Burman, J. (2015) 'Young voters more likely to vote to STAY in EU shocking study reveals', *Express*, 21 October

appear to be particularly engaged⁴⁵ in the referendum campaign. Voters' attitudes towards European integration don't fall neatly into existing socio-economic cleavages; rather, they cut across economic and cultural divisions. So although younger voters are more cosmopolitan and liberal in their attitudes, they have in recent years begun to show political attitudes that reveal anxieties about their economic future. Similarly, university graduates, Labour supporters and voters in higher income groups are more strongly pro-European, and have higher turnout rates than unskilled and lower income groups.

All of this underlines the real sense that both campaigns have a lot to play for in aiming their campaigns towards the large number of wavering or as-yet-undecided voters. Women make up the majority of these people. They could yet decide whether Britain stays or goes.

45. Kotecha, S. (2016) 'Young people don't care about politics... or do they?', BBC News, 11 March. Retrieved 23 May from <http://www.bbc.co.uk/news/uk-politics-eu-referendum-35775773>

2

Policy debates

Brexit and the City of London: a clear and present danger

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In September 2011, the UK government began legal action at the European Courts of Justice (ECJ) against the European Central Bank (ECB). It claimed that an ECB policy proposal was outside its legal competence, as defined in EU law.⁴⁶ The UK government took this action even though the Justice Secretary at the time, Chris Grayling, supports Brexit (as does the incumbent, Michael Gove), in part because of the requirement that EU law applies in the UK. Moreover, supporters of Brexit in the UK government have a strong aversion to the ECJ, with Grayling describing it as having “reached the point where it has lost democratic acceptability”.

This episode is more than just one more example of the ironies of political life. It illustrates the tensions at the heart of the EU between the single market and the single currency. The single market guarantees free movement of goods, services, labour and capital. The rules ensuring these ‘four freedoms’ are enforced by the ECJ. The ECB is taking an increasingly prominent role in ensuring the stability of the financial system in the Eurozone. It has ultimate supervisory responsibility for all banks in the Eurozone and has direct supervision of the largest Eurozone banks. Clashes occur when access to the single market conflicts with the need for financial stability. There are nine members of the EU who do not use the euro, but these tensions are especially severe in the case of the UK.

This is because of the dominance of the UK in European wholesale banking. There are two broad types of banking, retail (for example, bank lending to firms and households) and wholesale (for example, trading on foreign exchange markets or buying and selling financial securities and derivatives). Within Europe, the City of London dominates the latter. Average turnover in the UK foreign exchange market exceeds US\$2.5 trillion *per day*.⁴⁷ London is the largest global centre in euro foreign exchange markets, with daily trade of over US\$1 trillion. This is nearly 45% of global trades, a figure that far exceeds any country

46. Case T-496/11

47. Bank of England (2013, December) Quarterly Bulletin Q3. Retrieved 23 May from www.bankofengland.co.uk/publications/Pages/quarterlybulletin/2013/a13.aspx

that belongs to the Eurozone.⁴⁸ The City is also dominant in markets for swaps, especially interest rate swaps. Although these are obscure and complex financial products, they are central to the daily business of large financial institutions. London-based trades in these assets amount to over US\$1.3 trillion per day.⁴⁹ A substantial proportion of these trades will involve banks that are ultimately regulated by the ECB.

The extraordinary size of these markets helps us understand why financial markets are so important for the performance of the UK economy. They account for 10% of GDP and 12% of UK tax receipts. Directly or indirectly, they employ over 330,000 people, many in high-skill, high-wage jobs. Banking and financial services are among the few areas where the UK has a large and consistent trade surplus, in this case nearly £47bn.⁵⁰ Not all of this is due to the City of London, but the City does make a major contribution.

There have been several examples of how the tension between the single market and the Eurozone affects the UK in recent years. The 2011 case brought before the ECJ by the UK Government concerned the proposed Eurosystem Oversight Policy Framework published by the ECB. This included a requirement that clearing houses for mainly euro-related financial products should be located within the Eurozone. This would have required, for example, that LCH.Clearnet, which handles around 50% of the global interest rate swap market, relocate away from London. Other examples include the UK appealing to the ECJ against plans for a financial transactions tax by 11 Eurozone countries and against the EU's proposed cap on bankers' bonuses.⁵¹

In 2014, the ECJ found in favour of the UK government, arguing that the ECB proposals exceeded its authority in EU law. In this case, access to the single market overrode the ECB's financial stability mandate. There will likely be similar cases in the future as regulation of European financial markets increasingly moves into the ECB and as the dominance of the Eurozone within the overall EU grows. The tensions are a threat to the dominance of the City of London while the UK is a member of the EU. How would things change if the UK were to leave the EU?

The effect of Brexit on financial markets and the City of London is unknowable; it depends on a large number of factors that are difficult to foresee and difficult to control. Optimists argue that Brexit would allow the City to flourish in a low regulatory environment as the UK frees itself from the burdensome regulations of Brussels. But this is highly subjective. What seems like a meddlesome imposition to some

48. Ibid

49. Ibid. This figure is for daily transactions in OTC interest rate derivatives; these are "mostly in interest rate swaps"

50. Illustrative figures are in City of London (2013, November) 'An indispensable industry'. Retrieved 23 May from www.cityoflondon.gov.uk/business/economic-research-and-information/statistics/Documents/an-indispensable-industry.pdf

51. Centre for European Reform (2014, June) 'The economic consequences of leaving the EU'. Retrieved 23 May from www.cer.org.uk/sites/default/files/smc_final_report_june2014.pdf

Given the post-crisis focus on financial stability, it seems clear that in order to continue as one of the few dominant centres in global finance, the UK will have to conform with international regulations on financial markets

looks to others like a prudent response to the toxic risks of financial instability, so clearly exposed by the 2008 financial crisis. As the Centre for European Reform argued in a 2014 report,⁵² a nation state cannot have financial stability, internationalised finance and national sovereignty. A country can only have two of these three. Given the post-crisis focus on financial stability, it seems clear that in order to continue as one of the few dominant centres in global finance, the UK will have to conform with international regulations on financial markets.

Although the long-term impact of Brexit is deeply uncertain, it is clear that the UK would have to do very well in the negotiations that would follow a vote for Brexit in June. Just to keep things as they are, three things would have to happen. First, the UK would need continued access to the single market, with recourse to the ECJ for adjudication and enforcement of the rules of the single market. That would require access on terms similar to those negotiated with Switzerland or Norway, something that comes with a substantial price and with reduced influence on the rules of the single market. But that would not be sufficient. Second, the UK would need continued access to the TARGET system for clearing payments in the Eurozone. Although not a member of the Eurozone, the UK used the rules of the single market to gain access to TARGET. Access to this allows UK-based financial institutions to more easily participate in inter-bank and other short-term money markets in the Eurozone. Access was granted on the basis that non-Eurozone EU members should have the same ability to transact in the common currency as Eurozone members. This principle would not apply if the UK were to leave the EU and so continued access to TARGET would be problematic in the event of Brexit.

Thirdly, the UK would have to negotiate arrangements similar to the current passport system of financial regulation. Currently, the UK benefits greatly from the passport system, whereby financial institutions based in the UK can provide financial services in all EU countries without further financial regulatory requirements. In effect financial institutions can use their compliance with UK financial regulations as a passport to operate anywhere in the EU. The financial services passport is a major reason why many foreign banks, especially American and Swiss ones, have large UK-based subsidiary operations. The presence of these large banks then encourages Eurozone-based banks like BNP-Paribas and Deutsche Bank to also base a large part of their operations in the UK. It is hard to overstate the importance of this. According to CityUK, 37% of financial services companies say they are very likely or fairly likely to relocate staff if the UK left the EU⁵³ and lost the passport system. Goldman Sachs and JPMorgan have indicated the passport system is a primary reason for their presence in London and stressed

52. Ibid

53. Douglas-Heny, J., Kamerling, A., Macpherson, C. (2015) 'Brexit: what impact might leaving the EU have on the UK's financial services industry?' DLA Piper, 13 October. Retrieved 23 May, 2016, from www.dlapiper.com/en/uk/insights/publications/2015/10/banking-disputes-quarterly/brexit

the importance to them of the UK remaining in the EU⁵⁴ because of this. It is at best highly uncertain whether the UK would be able to secure a passport-like arrangement following a Brexit.

In summary, the dominant position of the City of London in highly lucrative wholesale banking is already under threat as the UK struggles with being a major centre for large-scale markets in euro-denominated assets while not being a member of the Eurozone. Even if the UK remains within the EU, the unresolved tensions between the requirements of the single market and the need for financial stability on financial institutions based in the Eurozone will continue to create difficulties. But the outlook for the City of London would become much bleaker were the UK to vote to leave the Eurozone in June. Financial markets are very keen for the UK to reject Brexit.

54. In evidence to the Parliamentary Commission on Banking Standards

The economics of the UK outside the Eurozone: what does it mean for the UK if/when Eurozone integration deepens?

Implications of Eurozone failures for the UK

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The UK along with Sweden and Denmark opted not to join the Eurozone when it was formed in 1999. Since then a number of other transition economies including Poland, Hungary and the Czech Republic have joined the EU, but have not joined the European single currency. There are a number of important implications for countries that are members of the EU but not the Eurozone, which relate to the effectiveness of the single market, financial stability and the need for continued convergence of the Eurozone economies. Despite not being a member of the Eurozone, what happens in the Eurozone has implications for the UK economy and financial system.

When the UK was considering joining the euro in 2003, the UK government published five criteria to determine if joining would be in the UK's national interest.⁵⁵ In many respects the broader issues addressed by these points are still relevant when considering the UK's relationship with the Eurozone. For instance the effects of changes in the Eurozone economies on UK economic growth and employment levels. If trade between the UK and the Eurozone were to be affected

55. In order to join the single currency, all potential participants had to meet a set of economic criteria, known as the Maastricht criteria. All passed except Greece, but it was allowed to join a couple of years later

At the moment the UK has a large trade deficit with the Eurozone economies, which it needs to reduce – and arguably the lack of demand in the Eurozone has contributed to this

adversely then both growth and employment could fall. At the moment the UK has a large trade deficit with the Eurozone economies, which it needs to reduce – and arguably the lack of demand in the Eurozone has contributed to this. In 2014, for example, 44.6% of UK exports were to the EU and 53.2% of UK imports were from the EU.⁵⁶ The UK's trade deficit with the EU reached £59 billion (exports minus imports) in 2014, although in the same year it recorded a surplus of £15.4 billion in the service sector. Policies such as the Common Agricultural Policy (CAP) also directly affect relations between the UK and the Eurozone, and again this has contributed to the trade imbalances – as many products that are imported could just as easily be produced in higher quantity in the UK, such as wheat.

A further feature of the 2003 criteria related to the City of London's relationship with the EU. A particular feature of the UK economy is the reliance on financial services in general and the City of London in particular for output, employment and substantial amounts of tax revenue. In the year to March 2015, UK financial services contributed £66.5 billion in tax revenue, or 11% of total tax receipts in the UK, with the industry employing approximately 1.1 million people.⁵⁷ The UK financial services industry is affected by both the UK's domestic regulatory regime and, increasingly, the Eurozone's regulators. This is an area where the UK's relationship with the Eurozone is particularly important, as it is moving towards some common regulation across the Eurozone and other EU members. Traditionally EU financial regulation was done by various directives, but this left substantial variation in the way that individual countries regulated their financial institutions. There was a change of direction after the 2007/08 sub-prime mortgage based financial crisis, when it was decided more co-ordination was required. It was felt that some countries had coped better than others, for instance Spain had not suffered to the same extent as the UK, as Spanish banks were limited in their ability to hold mortgage-backed assets off balance sheet. This has led to the formation of the single rule book, which aims to provide a set of prudential controls over the financial institutions across the whole of the EU, which they are expected to abide by. This has coincided with the Basel III accord, which aims to strengthen the prudential controls of the world's banking system. Under the single rule book, the European Banking Authority (EBA) will ensure that Basel III is implemented in a consistent manner across the EU. However Basel III is a voluntary code and there are already suggestions that its implementation will impede world economic growth by between -0.05%

56. Data from Tables B and C of Office for National Statistics Statistical Bulletin (2015, December) Balance of Payments, Quarter 3 (July to September), Tables B and C. During 2014 the UK's total deficit (exports minus imports) was approximately £35 billion, as a result of a surplus with the rest of the worlds. Initial estimates for 2015 suggest this has worsened, although 2015 values are subject to revisions

57. City of London (2015, December) Total tax contribution of UK financial services eighth edition. Retrieved 23 May, 2016, from www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Pages/Total-Tax-2015.aspx

and -0.15% per annum,⁵⁸ so there are reservations among some member states about implementing it. Likewise, the extent of any national autonomy over prudential controls – and whether the EBA can impose regulations on member states – is unclear.

There are fears in the City of London that the EBA will impose excessive controls on its activities, making it uncompetitive and ensuring that it loses business to other financial centres around the world. The introduction of controls on bonuses has been one area of concern, with the City suggesting it inhibits its ability to attract the top bankers. However there have been reassurances regarding the relationship between the UK financial sector and the EBA, such as a double majority vote requirement to change regulations, where both the Eurozone and non-Eurozone members require a majority vote in favour of specific rules. In addition the member states broadly accept the basic tenets of the new financial regulatory system, such as the need to hold more tier one capital, although the UK is not in favour of increased transaction taxes. There is however a clear potential for future problems, for instance it is difficult to predict what would happen in the event of a crisis affecting a Eurozone-headquartered bank which does much of its business in the City of London.

The UK economy is influenced by the performance of the Eurozone economy and the strength of the euro, with most of the recent focus on the performance of the Greek economy in particular and the Southern European economies in general. Much of the analysis has been on sovereign debt levels and rates of interest, with the IMF recently publishing a report questioning whether current levels of Greek debt could be sustained in the long-run; although not included in the report, the same concerns apply to other members of the Eurozone. However, the level of debt can't be the only problem for the Greek economy, as Greece's debt to GDP ratio is substantially below that of Japan, where there is little evidence of a problem. This has directly affected the UK financial system previously, when a previous writedown of Greek sovereign debt in 2012 involved private investors in Greek government debts having to accept a 50% write down in the value of the debt, known as a haircut.

Over recent months this problem has been reduced, following the decision of the ECB to carry out quantitative easing. This mainly involves the ECB buying government bonds from all the Eurozone member states in proportion to the size of their respective economies. So the ECB now holds many billions of euros of debt, of mixed quality, on its balance sheet. Much of it is very safe, especially the German debt – but much of it is more risky, such as the Southern EU economy debt. At the moment the ECB-based demand for this debt is keeping its value high and return low. But what happens when the ECB stops quantitative easing? Will it return to the crises of earlier months, will there be more bailouts and writedowns of debt? On the positive side, the amount of the riskier Eurozone sovereign debt held by the UK financial

58. Slovik, P. and Cournede, B. (2011), Macroeconomic impact of Basle III, OECD Economics Working Papers. DOI: 10.1787/18151973

system has been reduced – but if the Eurozone crisis returns and countries are forced out of the euro, there will inevitably be adverse implications for the UK economy, economic growth and employment.

None of the bailouts or financial strategies used so far are really confronting the fundamental problems in the Greek economy or the Eurozone as a whole. In particular the structural differences in the economies across the Eurozone are problematic, because they ensure that a common monetary policy is not always appropriate. The fundamental problem is arguably a lack of convergence across the Eurozone economies, and the moves to encourage greater convergence could affect the non-Eurozone members too. The differences cover many aspects of the economy, including labour and goods markets and aggregate consumption levels. A study published by Carruth *et al.* just as the euro was being formed found substantial differences in consumption patterns across the member states.⁵⁹ The findings indicate that a common policy response to shocks across the EU may not be appropriate, even when the core states alone are considered.

The final aspect of the Eurozone that has an important effect on the UK economy is the strength or otherwise of the euro. The recent problems in the Eurozone impacted on the value of the euro, which has suffered increased volatility and a loss of value against other major currencies during the Eurozone crisis – although, since the beginning of quantitative easing, the euro has stabilised. During the Eurozone crisis, a potential reason for the volatility in the euro has been the increased likelihood of the Eurozone breaking up. Studies by Eichler⁶⁰ among others found strong evidence that the euro depreciates when the risk of a Eurozone breakup increases; in addition these events create increased volatility in the currency. A devalued euro is not necessarily all bad news for the Eurozone, however, as it can encourage exports and economic growth. Countries that rely on exporting to the Eurozone, such as the UK, will potentially suffer. This has become increasingly apparent in the UK agricultural sector, as farm payments are based on the value of the euro and as the pound has appreciated against the euro, so payments have fallen.

This recent crisis has again highlighted the need for a longer-term solution to the problems in the Eurozone, rather than short-term market intervention in the form of quantitative easing. This could possibly involve greater fiscal integration within the monetary union and many economists, such as Alan Greenspan (former head of the US Federal Reserve) have gone as far to say that a fiscal union should be formed in order to prevent future crises.⁶¹ Although he didn't specify the extent of this union, in the United States, which is often used as an example,

59. Carruth, A., Gibson, H. and Tsakalotos, E. (1999), 'Are aggregate consumption relationships similar across the European Union?' *Regional Studies* 33, p. 17–26

60. Eichler, S. (2012), 'The impact of banking and sovereign debt crisis risk in the Eurozone on the Euro/US dollar exchange rate', *Applied Financial Economics* 22, p. 1215–1232

61. Taken from an interview with the BBC which can be seen at www.bbc.co.uk/news/business-31249907

federal government expenditure is about 20% of GDP. This may require a central fiscal body with increased powers over taxation and some expenditure across the EU, going further than the currently proposed European Fiscal Board. But even this may not be enough, as a political union could also be required. When the euro was formed, it was felt that the retention of fiscal policy was necessary as a mechanism for individual members to stabilise their own economies in the event of asymmetric shocks to the Eurozone – so fiscal union may not be popular across the EU. Further fiscal integration in the Eurozone would again have an impact on the UK. An example of this could be corporation tax levels, which in some EU countries are much lower than the UK. If this was to become more widespread across the EU, more multinationals could be encouraged to move their headquarters to these countries at the UK's expense. It is also possible that any form of fiscal union could freeze the UK and other non-Eurozone members further out of the core membership, as single taxation levels create a more uniform single EU market for these members.

Security in, secure out: Brexit's impact on security and defence policy

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A more secure Britain?

On the morning of 21 March 2016, terrorists struck Brussels airport and metro system in coordinated attacks to intimidate and demoralise. Opponents and proponents of Brexit grabbed the events to prove their point: outside we are less coordinated against a transnational problem, while inside we are subject to the challenges of free mobility that the EU's Schengen zone presents to a borderless Europe. The UK already maintains its own borders and remains outside the Schengen zone; however, the UK has been a victim of 'home grown' terrorists, such as the 7/7 bombers, and has a long history of IRA attacks.

Presently, national military and police intelligence networks are not dependent on the EU – though they may be enhanced by the EU, such as through Europol. Cooperation with other European security institutions is not determined by membership of the EU. For instance, Europol has strong working relationships with many external international partners, such as Canada and Norway. Brexit would not threaten intelligence and cross-jurisdiction cooperation. At the same time, it is equally the case that police and security agency work would be made no easier through Brexit. As might be expected, the necessities of national security are asserted whether a country is an EU member or not. Being in or out may have major effects on many areas of life, but national security is unlikely to be one of them, at least in the short term.

Why is this the case?

Traditionally, the most developed areas of European policy have been in areas involving the single market, in terms of trade, goods, services and more recently finance. As a result of several hostage and terrorist events in the early 1970s, the so-called TREVI group was established between member-state interior and justice ministers in 1975. The focus of the group was counter-terrorism but eventually extended to other areas of cross-border policing. From the Maastricht Treaty (1993) until the Lisbon Treaty (2007) this area of policy sat within the so-called

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Third Pillar of Justice and Home Affairs (latterly referred to as ‘Police and Judicial Co-operation in Criminal Matters’). Of the three pillars, the Third Pillar was the most intergovernmental and thus not orientated towards further integration. While the Lisbon Treaty abolished the pillar system, policing and judicial affairs have remained, by and large, intergovernmental platforms of policy cooperation and coordination. In other words, the European Commission (EC) has not sought to intervene in national policing and judicial systems – unlike, say, the Council of Europe (an altogether different international organisation from the EU).

Rather, European cooperation in the areas of policing has often been problematised by differences between national agencies and policing cultures. While Europol is established to coordinate member state responses to cross-border activities such as drugs and organised crime, there are considerable national barriers, rather than EU barriers, to further cooperation and presumably a more effective approach.

In as much as counter-terrorism remains the primary concern for member states, the EU has a limited role to play in terms of providing a space for national governments to come together to agree on the terms and conditions of the threats of extremist politics. However, there are other organisations such as the North Atlantic Treaty Organisation (NATO) and the Organisation for Security and Cooperation in Europe (OSCE) who also have a counter-terrorism mandate in Europe and beyond. The EU is one arrangement amongst many that seek to enhance cooperation in security and judicial matters. At the same time, the EU is the only organisation that seeks to eliminate the barriers to cooperation as it has done in many cases for trade, labour and currency. One might argue going forward that the nature of the EU’s integration makes for a more orchestrated response to transnational threats to the UK and Europe.

Transnational threats and UK security

If we look at the UK’s 2015 Strategic Defence and Security Review (SDSR),⁶² we can see that the UK government and security agencies are concerned with issues that threaten the region, if not the world. In addition to highlighting traditional defence policy, the SDSR also highlights combatting extremism and terrorism, cyber-attacks, serious and organised crime, and threats to infrastructure. As these issues have developed over time, the UK has worked together with the EU, as well as other partners, to establish institutions and agencies that offer a more coordinated approach to what are essentially transnational problems. In all of these cases, the myriad threats to UK national security come from abroad and are not aimed at the UK alone. As world politics has become more transnational, so has the way that the UK and the EU do security.

62. HM Government (2015, November) National security strategy and strategic defence and security review 2015. Retrieved 23 May, 2016, from www.gov.uk/government/uploads/system/uploads/attachment_data/file/478933/52309_Cm_9161_NSS_SD_Review_web_only.pdf

What are the implications of this? Policing, intelligence and military officials have seen the EU become an important part of their portfolio since the 1980s. As the foreign policy scholar Prof Christopher Hill has argued, European policy has become ubiquitous for UK departments and agencies as they seek to engage with the problems that face the UK and Europe. To see this as simply the EU intervening in UK policy areas across the board is misleading because this is to ignore the effort that successive UK governments have taken to enable the EU to do regional security better, especially in areas that do not concern territorial defence (the preserve of NATO). As world politics has changed, the EU has become an important part of the UK's ability to shape regional security policy.

Yet the EU itself lacks weight in dealing with difficult policy areas such as refugees, the Middle East peace process, a resurgent Russia, transnational organised crime and climate change. Across these areas the EU member states have deemed that they themselves are responsible for responding to crises, to the effect of showing the EU as a poor regional security actor.

However, I would go further to say that the EU provides an opportunity for further cooperation and even, in some cases, integration of security policy for issues that threaten the UK and Europe. National security imperatives will go beyond the political rhetoric of Brexit.

Brussels, Britain and Brexit

The attacks in Brussels press us to think about whether Britain would be more secure and resilient to crises in or out of the EU. The leader of UKIP, Nigel Farage, responded to the bombings by saying that the free movement of people also means the “free movement of Kalashnikovs”.⁶³ Home Secretary Theresa May responded in Parliament that European policy, intelligence and military cooperation are important for Britain's own security, pointing specifically on numerous occasions to European Arrest Warrants as a prime example. As already discussed, the reality is that being in or out of the EU may have little impact on Britain's national security, though it would most definitely have impacts on other areas. Such an argument was set out by Sir Richard Dearlove who has said that Brexit would have a negligible impact on UK security, other than that it would enable limits on the number of EU citizens coming into the country⁶⁴ (as Britain already has independent control of its borders for all others).

63. Stone, J. (2015) 'Nigel Farage says the EU has allowed the 'free movement of Kalashnikov rifles and Jihadists'', *The Independent*, 17 November. Retrieved 23 May, 2016, from www.independent.co.uk/news/uk/politics/nigel-farage-says-the-eu-has-allowed-the-free-movement-of-kalashnikov-rifles-and-jihadists-a6737501.html

64. Swinford, S. (2016) 'Quitting the EU 'would help our security', former MI6 chief suggests' *The Telegraph*, 24 March. Retrieved 23 May, 2016, from www.telegraph.co.uk/news/uknews/terrorism-in-the-uk/12202855/bexit-brussels-attacks-eu-mi6-security.html

However, the focus on national sovereignty versus EU member status is misleading because in an ever-increasing globalised and transnational world, the benefits of both are lower. Perhaps even more importantly for the UK, the main sources of political violence are those who are born and raised in Britain. While there is a transnational quality to their indoctrination, their threat to public safety is not impacted by debates about borders. They are very local problems that will not cease with the settlement of the Brexit referendum.

In conclusion, the EU has been a nascent security actor on behalf of the UK and its other member states for more than three decades. I have argued here that international terrorism, as well as many other security issues, are part of much larger transnational threats that require a transnational response. As it stands, the EU does not have a robust response to many of these problems and thus Brexit would have marginal short-term effects on the UK's ability to protect itself, in either direction. However, it is equally clear that the Euro-Atlantic Area needs a more robust coordinated response to such threats. With a changing political atmosphere in the US, and a NATO that has been fighting successive wars in the Former Yugoslavia, Afghanistan and North Africa, the alternatives to the EU are becoming less and less able to take on such a robust response to such threats.

The UK thus will decide whether it will be at the centre of this development along with France, Germany, Italy and other EU member states, or on the periphery seeking to balance a national approach with a transnational approach for transnational problems.

Migration and EU membership

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The political arguments around EU membership and migration have the qualities of children's playdough: eye-catchingly bright, highly malleable, and good to keep us busy for a while. Unfortunately, also like children's playdough, they turn dull and crusty, and have a tendency to fall to bits if left out in the air too long.

From 2014–2015 David Cameron and his Eurosceptic Work & Pensions Secretary, Iain Duncan-Smith, pursued a strategy of restricting benefits to EU migrants. In its first phase, this was a 'domestic' strategy: it focussed on changing UK benefit regulations for EU migrants. Accordingly, there were 11 changes to benefit administration rules from January 2014 to the end of 2015, all designed to make it difficult for EU migrants to access social benefits. None of these measures required new legislation, and they were entirely in accordance with EU law and regulations. No-one from the EU had ever stopped the UK from introducing these regulations, and restricting access to benefits for migrants was not something that had been high on voters' agendas.

So how did the agenda get there and what purpose was served by these measures?

Well, the topic of migration was on voters' agendas. Cameron and Iain Duncan-Smith chose to make a rather spurious and inflammatory, but politically convenient, argument: that high levels of benefit (not true) and easy access to benefit (not true) in the UK made it uniquely attractive as a destination for EU migrants (not true). They then showed that the government 'was doing something' to restrict EU migration by restricting access to benefits.

Yet the changes in regulations, and the arguments justifying them, achieved a number of other things too. They added an easy rhetorical boost to the government's wider anti-welfare agenda, which assumes that people in receipt of benefits (unless they are pensioners) are frequently fraudulent, and need punitive treatment. In doing so, they enhanced the generalised fictitious division of society into 'hard-working families' and 'welfare scroungers'. This is important because the identity of 'hard-working families' is so central to the Conservatives' political positioning. (The division is fictitious because many 'hard-working families' are also in receipt of social benefits for disability, care, or by virtue of being in low-paid jobs and overpriced housing markets. Their family members also experience spells of time without work.) The benefit regulation changes also dovetailed neatly with demands for budget cuts, especially to housing benefit, which is paid out by severely cash-strapped local authorities.

So it turns out that the argument about ‘migration and benefits’ was only partly about EU migrants. They in any case tend to have higher employment rates than UK citizens, making them more ‘hard-working families’ than ‘welfare scroungers’. However, it set up the context for Cameron’s campaign to ‘re-negotiate’ the UK’s membership of the EU in the run-up to the referendum.

This campaign, which really got underway in 2015, developed a new theme: restricting access to in-work benefits (formerly known as tax credits). The negotiations eventually garnered agreement that member states can invoke an ‘emergency brake’ on the rights of free-moving workers. What this means in practice is that the UK can argue that it faces problems from the migration of EU citizens to the UK, for example with pressure on housing or public services. If such a case is acknowledged by other member states, it can restrict new entrants’ access to tax credits. It still cannot restrict EU citizens’ right to enter, reside and work in the UK. However, this is a very unsavoury political agreement. Let’s see why.

By excluding new EU migrants from tax credits for four years, those same ‘hard-working’ migrants who were previously distinguished from the ‘welfare scroungers’, are corralled into a (more) subordinate position in the UK labour market, along with 18–24-year-olds. New EU migrants in low-paid employment will end up with lower household income than equivalent UK workers and already-resident EU nationals. The number of migrants to the UK will only be affected at the margins, if at all.⁶⁵ EU migrants come to the UK for many reasons, but those in low-paid jobs – i.e. those of concern to the government – take up such employment in a labour market that thrives on the availability of lower-paid and flexible workers. Excluding new migrants from tax credits makes no difference to these wider conditions. Except that now those new migrant workers will have to work even more hours to stay above the poverty line. The planned gradual increases to the minimum wage for over-25s will eventually raise such EU workers’ incomes, but it is clear that the ‘emergency brake’ was more about benefits and public expenditure cuts than it was about reducing incentives for migration.

For the Remain camp, the ‘emergency brake’ satisfies, as it needed to, the foundational requirement in the EU for free movement of workers. This requirement was in place before the UK even joined the EU, and it has been more highly specified over the years, as a key attribute of ‘barrier-free’ trade and the single market. Yet it is precisely this requirement that exposes the contradictory position loudly pursued by the Brexit camp, mostly, but not only, from the right.

Such Brexiteers want to restrict migration from the EU, and reject the brake as inadequate. Yet they also want access to ‘barrier-free’ trade and the single market. Without free movement of workers, however, there is no barrier-free trade. Of course, any outcome of a leave vote is deeply uncertain, because it is subject to negotiation with the

65. Portes, J. (2016) ‘Immigration, free movement and the EU referendum’, National Institute Economic Review 236 p. 14–22

It is time to put the playdough political debate about migration behind us and retrieve a more honest political analysis of the underlying challenges facing the UK, in or out of the Union

other 27 members of the Union. However, no other state with access to the single market has negotiated out of the requirement for free movement of workers. The terms of a looser trade agreement would permit restrictions on migration, although the terms of such an agreement are, if anything, more uncertain.

It seems that the malleable political arguments about migration and the EU are, in the end, rather straightforward. They are, broadly speaking: how can we restrict migration from the EU versus how can we claim to be restricting migration from the EU (by cutting benefits)?

Migrants to the UK, whether from the EU or elsewhere, contribute to its social life and its public services, as well as to its economy, as doctors, dentists, nurses, carers, cleaners, coffee-shop staff, beauticians, factory workers, farm workers, pharmacists, restaurant staff, academics, bus and delivery drivers, warehouse packers, teaching assistants, oh yes – and plumbers. There are, of course, real challenges to public services when faced with a growing population and public budget cuts. There are challenges for the UK economy, faced with growing its employment through precarious, low-paid and low-skill work. There are challenges for workers and communities facing such job opportunities, from school leavers to debt-burdened graduates. But these challenges are not caused by migrants from the EU. They are shared by migrants from the EU. They are also shared by many EU citizens in their home countries. It is time to put the playdough political debate about migration behind us and retrieve a more honest political analysis of the underlying challenges facing the UK, in or out of the Union.

3

**Country
perspectives**

Debating the future of Europe is essential, but when will we start?

The perspective from France

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The campaign for the UK referendum appears to have induced the French to confront their own pessimistic view of the Union and its future. A recent poll⁶⁶ conducted by Eichhorn *et al.* in six countries suggested that French respondents were the least keen to see their British counterparts remain in the EU, with 44% declaring that the UK should leave. This was in stark contrast with other countries: Brexit supporters were 27% in Germany, 20% in Poland, 19% in Spain, 21% in Ireland and 33% in Sweden.

Of course, such dissonant results may be partly attributable to the UK's reputation as an 'awkward partner' within the EU, something which has led to multiple feuds between UK and French leaders. However, one cannot ignore that the campaign takes place in a unique environment in France – at a time when one of the leading engines of the European construction is faltering, with warning signs flashing from all directions, and no one seemingly willing to put in the necessary work to get it going again. Beyond the UK's fate, the same poll highlighted that 53% of French respondents wished for their country to 'hold a referendum on its EU membership' and only 45% declared they would vote for France to remain in the Union; 33% would vote for it to leave. Again, these numbers are in stark contrast with Germany in particular, leading the *Le Monde* correspondent⁶⁷ to conclude that "while the French profess a relative indifference with regard to the Brexit, they appear as the most Eurosceptically worked up country, behind the UK".

As has been the case on the other side of the Channel, the debate in France about the possibility that the UK will leave the EU after the referendum in June has been predominantly negative. The political climate

66. Eichorn, J., Huebner, C., Kenealy, D. (2016). 'The view from the continent: what people in other member states think about the UK's EU referendum'. Retrieved 23 May, 2016, from www.aqmen.ac.uk/sites/default/files/TheViewFromTheContinent_REPORT.pdf

67. Bernard, P. (2016) 'Une majorité de Français souhaite un référendum sur la sortie de la France de l'UE'. *Le Monde*, March 12

has meant that, even in a traditionally pro-EU country, the arguments made for a Remain appear based on a pessimistic approach rather than the enthusiasm which had historically been core to the European project: If you stay it won't be great, but if you leave it will be worse.

In France, the debate is also taking place in a particularly hostile environment for internationalist ideals. The European elections were commonly characterised as an 'earthquake',⁶⁸ with the Front National winning the contest with almost 25% of the vote. For left-wing newspaper *Libération*, France had sent a clear signal to Europe.

Even though the Front National (and UKIP) failed to appeal to more than one out of 10 voters in a particularly advantageous setting,⁶⁹ their victories created hype around their message and legitimised their negative account of the situation as it was picked up by the media and politicians. In turn, a stronger focus on issues of immigration and terrorism (particularly in the wake of the horrific attacks in France in 2015, often linked to the refugee crisis) has skewed the campaign away from the real challenges facing Europe and the attention of the public away from their own concerns. To put it simply, and borrowing from agenda-setting theory, the media and politicians "may not be successful in telling people what to think, but they are stunningly successful in telling their audiences what to think about".⁷⁰ As a result, the debate has moved away from socio-economic issues (unemployment, cost of living, healthcare, etc.) to nationalistic and pseudo-cultural issues (immigration, terrorism and Islam).

Immigration and public opinion – the chicken or the egg?

This negative and skewed media coverage of the EU debate is reflected in the way people (mis)perceive their broader community and the issues these imagined and fantasised communities face. A simple, and by no means exhaustive experiment, can be conducted using two questions from the Eurobarometer survey. The first requires respondents to provide what they think are 'the two most important issues facing (their country) at the moment'.⁷¹ As table one suggests, immigration does seem like a genuine concern across the EU, and in the UK in particular – where it is noted as the most important issue. In France, however, a year after the Front National's victory in the European elections, immigration

68. *BBC News*. (2014, 26 May). Retrieved 23 May, 2016, from www.bbc.co.uk/news/world-europe-27559714

69. Mondon, A. (2015) Populism, the 'people' and the illusion of democracy – The Front National and UKIP in a comparative context. *French Politics* 13, p. 141–156. doi:10.1057/fp.2015.6

70. McCombs, M. (2014). *Setting the Agenda: Mass Media and Public Opinion*, 2nd Edition. Cambridge: Polity

71. Respondents could provide a maximum of two answers from the following list: The financial situation of your household; Rising prices/inflation; Other (Spontaneous); None (Spontaneous); Don't know; Crime; The economic situation in (OUR COUNTRY); Taxation; Unemployment; Terrorism; Housing; Immigration; Health and social security; The education system; The environment, climate and energy issues; Pensions; Energy; Defence/Foreign affairs; Living conditions; and Working conditions

is considerably lower, showing already a discrepancy between the results and subsequent coverage and public opinion.

Table one

Question: What do you think are the two most important issues facing (YOUR COUNTRY) at the moment? (Top five EU answers with immigration and terrorism)⁷²

	Unemployment	Rising prices/ inflation/cost of living	Immigration	The economic situation	Health care system	Pensions	Terrorism
France	55%	15%	12%	19%	7%	11%	13%
UK	22%	16%	35%	14%	28%	6%	16%
EU	42%	27%	23%	21%	18%	12%	7%

However, a starker picture emerges when French, British and European respondents are asked what they think affects them personally. When European citizens consider their daily struggle, immigration and terrorism remain low on ‘the most important issues’ they face ‘personally’ (despite the poll taking place after the January Paris attacks). ‘The most important issues’ the French, British and Europeans are facing are those which have seemed conspicuously absent in the public debate about the future of the EU (see table two).

Table two

Question: And personally, what are the two most important issues you are facing at the moment? (Top five European answers with immigration and terrorism)⁷³

	Rising prices/ inflation/cost of living	Unemployment	Health and social security	The financial situation of your household	Pensions	Immigration	Terrorism
France	34%	16%	8%	19%	13%	4%	3%
UK	30%	11%	21%	13%	13%	9%	2%
EU	27%	16%	16%	15%	15%	6%	2%

72. Eurobarometer 83

73. Ibid

This is not to say that the results from the Eurobarometer should be taken as real representation of public opinion personally or nationally. Yet this demonstrates that what is often argued to be a pressing popular demand or concern may in fact be motivated by the process through which perceptions and misperceptions are made available via the media and politicians. To put it simply: are we worried about immigration, or do we think about immigration as an issue because we are constantly told we should?

The rise of the Front National or a growing distrust towards the mainstream?

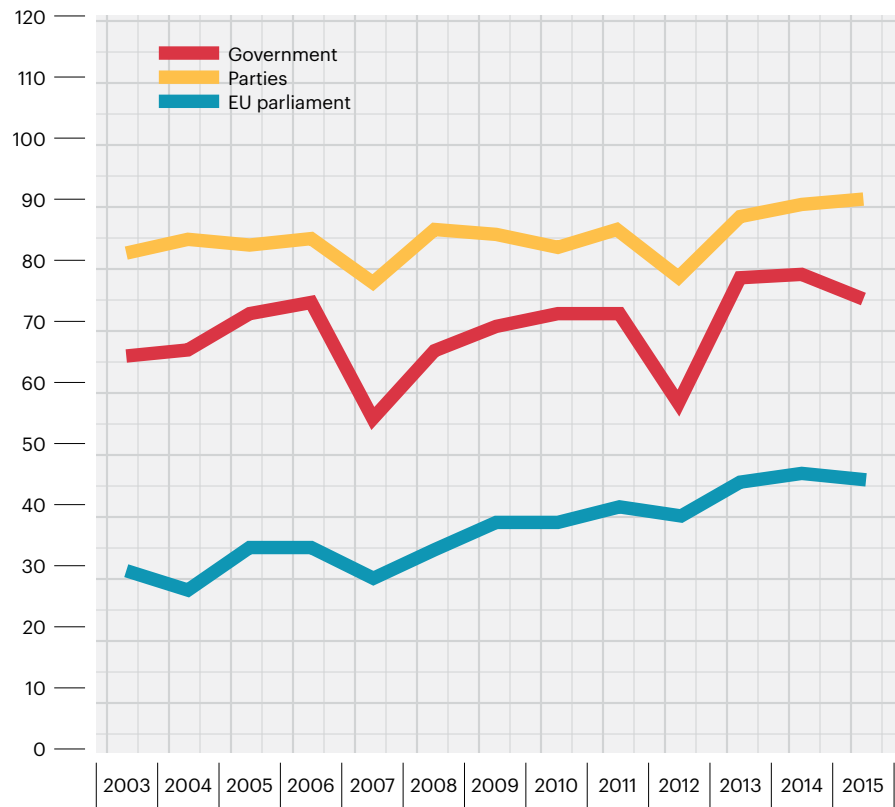
For the government, the level of distrust has never fallen below 54% – while for political parties in general, the biggest dip was in 2007, with 76% of respondents declaring they tend not to trust political parties

Therefore, the Front National's victory in the European elections in 2014 may not have meant unconditional support for the party and its Europhobia: more than a 'Eurosceptic earthquake', the election results confirmed that the vast majority of French voters saw little interest in voting at all (57% abstained). This is hardly surprising considering the oft-denounced democratic deficit in EU institutions and the lack of knowledge about their inner workings. Yet it would be a mistake to read the results of these elections outside of the socio-political context in which they took place. These elections took place in a deeply distrustful environment, with the government's approval ratings at a record low. However, it would be simplistic to blame the rise of Euroscepticism and even Europhobia in France on François Hollande's presidency. As figure three below shows, distrust of parties and government has run rampant in France throughout the early 21st Century. For the government, the level of distrust has never fallen below 54% – while for political parties in general, the biggest dip was in 2007, with 76% of respondents declaring they tend not to trust political parties (including the Front National). In 2014, it was almost nine out of ten French respondents who declared they did not trust their parties.

The European Parliament (EP), on the other hand, generates a lower 'distrust' rate than the French government and political parties. In fact, before 2013, more respondents to the Eurobarometer declared trusting the EP than distrusting it.

Figure three

Level of distrust in 'government' (question: 'I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it?' Answer: 'Do not trust'); level of distrust in 'political parties' (question: 'I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it?' Answer: 'Do not trust'); and level of distrust in 'European parliament' (question: 'please tell me if you tend to trust it or tend not to trust it?' For each year when more than one poll was taken, the average is represented.⁷⁴



Another Europe is possible

Gauging trust and distrust in politics is a tricky business – after all, someone distrusted may be competent – but the levels of negativity felt by the French with regard to their own institutions may inform us about the reasons behind the growing Euroscepticism in France.

While the mediated picture may seem bleak, 61% of the French respondents to the 2015 Eurobarometer declared that they felt 'they are citizens of the EU'. Contrary to their British counterparts, who tend to be more negative on most counts with regard to the EU, its benefits and future, it could well be that what the French are looking for is not

74. Ibid

a return to some nationalistic and chauvinistic project, but rather the creation of a different kind of Europe, based on a progressive outlook. A focus on issues such as TTIP, the future of our welfare systems and work rights legislation would appear more in line with Europeans' concerns, but also provide a much sounder basis to discuss broader international issues such as our foreign policy and the current influx of refugees. If this is to be taken as a serious hypothesis, then what is mostly described as the rise of an anti-Europe sentiment, could and should in fact be channelled into a more optimistic and productive discussion, something which unfortunately has been conspicuously absent from the elite debate on the future of Europe.

Germany versus Brexit – the reluctant hegemon is not amused

Dr Alim Baluch, Teaching Fellow, Department of Politics, Languages & International Studies

The German government and the German media are watching the Brexit debate very closely and Germany is taking it personally. There are, of course, many different German perspectives, but Germany is a special case. This can be traced back not only to its role as the dominant driver of European integration but also to a traditionally Europhile population.

This piece seeks to shed light on the German perspective on Brexit and, in doing so, examine the very awkward relationship between the two ruling conservative parties in Germany and the UK. Here it will be argued that an EU without Britain makes it harder for Germany to conceal its hegemony (a hegemony it is not quite comfortable with) and that even a result to Bremain will trigger further disintegration.

All the major European integration projects have been designed or strongly endorsed by Germany, whether it is the Single European Act, the Schengen Zone, the Economic and Monetary Union or enlargement. The European Central Bank (ECB) has been designed using the German Federal Bank as its role model.

Ever since Germany's attempts to impose its will on the rest of the continent by force failed, its main successor, the Federal Republic, has avoided any discourse alluding to national interest, emphasising European interests instead. The Europeanisation of discourse and the transnationalisation of policy goals helped to re-socialise Germany after World War II. In this manner, the Federal Republic was able to pursue its interests by shaping European integration in ways that met its export-oriented needs.

Following the financial crisis of 2007/08, which affected Germany far less than other countries of the EU, Germany's economic dominance is more pronounced than ever before, leaving German governments more exposed to meet leadership expectations from the United States and its European partners. Thus, the EU is at risk of being perceived as a German-led bloc, an impression which Germany is all too eager to avoid.

Whenever a crisis hits the EU, the German government will face increased expectations but, moreover, the opposition will blame the government for its flawed leadership of the EU. When the EU takes a hit, Berlin takes a hit as well.

The European debt crisis exposed Germany's (reluctant) leadership role. While the British media followed the unfolding disaster of the currency union with some degree of *Schadenfreude*, Germany was expected to lead – yet it took the government quite a while to craft a coherent narrative which would allow it to effectively bail out Greek's debtors (i.e. banks like Hypo Real Estate), whilst appeasing the German taxpayers. This narrative portrayed Greece as a culprit who needed to be taught a lesson in fiscal discipline, a lesson which would ultimately crush private domestic demand in Greece and impoverish large parts of society.

This new aggressive side of Germany may come as a surprise given the country's history of post-World War II reservations when it comes to leadership aspirations or even formulating German interests. However, Germany's new confidence had already manifested itself in its flawed diplomatic handling of the transition from the New Labour government to the current Cameron administration. The alienation between the two conservative parties started long before Cameron became Prime Minister and both parties have been incapable of establishing a constructive partnership ever since.

A significant proportion of the isolation felt by the Tories in Europe has to be seen in correlation with a change of course in the European Parliament (EP), i.e. Cameron's decision that his party was to leave the European People's Party (EPP), which came despite several warnings by other European conservatives that such a step would not be without consequences.

This process was triggered in 2005 when Cameron, as the new leader of the British Conservatives, did not attend the traditional EPP gathering in Brussels. In a letter to David Cameron, Angela Merkel made clear⁷⁵ that the partnership between the two conservative parties should rest upon the affiliation in the EPP:

"I look forward to good and intensive co-operation with you, in particular within the framework of the EPP-ED as a clear base for our bilateral dialogue as partners."

The wording seemed admonishing and unlike the typical German understatement in international politics.

The leader of the EPP group and Merkel compatriot Hans-Gert Pöttering was even more direct:

"If Mr Cameron forces [the British conservatives] out of the EPP, he cannot expect high level contacts with the EPP. If someone intends to leave, this creates a clear distance."⁷⁶

75. *Euobserver.com*. (2005, December). Retrieved 23 May, 2016, from <https://euobserver.com/political/20572>

76. *Ibid*

Leaving the EPP was considered an affront by the German Christian Democrats and the fact that the Tories were now working together with the Polish right-wing party Law and Justice (PiS) made matters even worse

While British Europhiles can be quick to criticise Cameron's clumsy diplomacy, the German response was not helpful either. On the domestic front, party leader Cameron was not only trying to keep UKIP small but was also under pressure from influential Eurosceptic groups in his own party. Publicly threatening him to reconsider his course of action made it almost impossible for him to adjust his position without losing face.

The Tories were faced with a choice: either leave the party group of the most influential pro-European conservatives, or seek new alliances among Eurosceptic conservatives, many of whom are largely branded as right-wing populists.

It took the Tories another four years to leave the EPP, and in 2009 they established an alternative party group: the European Conservatives and Reformists (ECR). Once a tolerated pariah in the EPP, the Tories have since reinvented themselves as the most prominent and influential member of the smaller ECR. Leaving the EPP was considered an affront by the German Christian Democrats and the fact that the Tories were now working together with the Polish right-wing party Law and Justice (PiS) made matters even worse. PiS chairman Kaczyński raised eyebrows in Berlin after insinuating that Merkel became Chancellor with the help of a network of former East German spies and that "Merkel belongs to a generation of German politicians that would like to reinstate Germany's imperial power."⁷⁷

After Cameron became Prime Minister in 2010, Britain's isolation became increasingly obvious and reached a climax during the EU summit of December 2011. Cameron was unable to reach concessions that would exempt Britain from a revision of the Lisbon Treaty, which – during the height of the European debt crisis – would affect financial regulations. The British government was unable to gather support among other EU members. Its isolation became apparent when it voted against the treaty revision while all other member states supported it.⁷⁸

German-British relations were further strained when the German right-wing populists of the Alternative für Deutschland (AfD) joined the ECR in summer 2014.

The AfD explicitly endorses David Cameron's position on the EU, which they consider a role model for Germany – i.e. pro membership but against the currency union in its current form and demanding more democracy and a transfer of sovereignty back to the national parliaments.

The Tories found themselves in the camp of right-wing populists and fierce Merkel critics which further strained German-British relations in a time when Cameron needed Berlin in order to come up with a credible prospect of the promised renegotiation of aspects of the EU Treaty.

77. *Spiegel.de/international*. (2011) Polish Opposition Leader: Kaczynski Warns of Germany's 'Imperial' Ambitions. *Der Spiegel*, 5 October. Retrieved 23 May, 2016, from www.spiegel.de/international/europe/polish-opposition-leader-kaczynski-warns-of-germany-s-imperial-ambitions-a-790034.html

78. *Guardian.com*. (2011). David Cameron blocks EU treaty with veto, casting Britain adrift in Europe. *The Guardian*, 9 December. Retrieved 23 May, 2016, from www.theguardian.com/world/2011/dec/09/david-cameron-blocks-eu-treaty

In February 2016, Germany helped broker a deal for the British government that indicated sufficient consensus for curtailing benefits for EU migrants, leading David Cameron to announce the date for a referendum. In the case of Brexit, the UK withdrawal from the EU was to happen on the basis of Art. 50 of the Lisbon Treaty, which requires member states to agree on the terms of the withdrawal.

Shortly after – and likely as part of a deal with Merkel (purely speculation on my part) – ECR chairman Syed Kamall (British Conservative) asked the AfD members to leave the party group.⁷⁹ There was considerable unease with the AfD members over a meeting with the far-right Freedom Party of Austria, and remarks that using firearms was a legitimate way of protecting borders against refugees. The AfD members refused to leave and suspected Merkel's influence behind this move. Their refusal to leave did not save them from being expelled a few weeks later.

Despite the strained British-German relations with regard to centre and right-wing parties, a poll from early April 2014 suggests that the overwhelming majority of Germans want Britain to stay in the EU.⁸⁰ The polling institute infratest dimap put the question 'should Great Britain remain in the EU?' to 1,023 federal citizens (aged 18 years or older), of whom 78% expressed their appreciation of British membership in the EU.

For German governments of the future, Brexit would mean the loss of the second-largest economy within the EU. The historically problematic picture of German domination in Europe would be even more difficult to conceal. In an interview with the *New Statesman* Michael Heseltine, melodramatically portrayed as the one of the last great Tory Europhiles, conjured a picture of a Teutonic post-Brexit EU: "It would leave Europe exposed to a dominance of Germany that Germany doesn't want and no one else wants."⁸¹

From a German perspective, Merkel's handling of the EU will be extolled against the long shadow of history. Her impact will be compared to the vision of Europe propounded by Willy Brandt, whose short Chancellorship managed to change gears from East-West confrontation to "change through rapprochement" (*Wandel durch Annäherung*), a slogan that was followed by treaties with the countries of the Warsaw Pact and which helped to improve East-West relations and de-escalated the Cold War.

Under Brandt's watch, Britain joined the EC. His successors Schmidt, Kohl and Schröder successfully endorsed further far-reaching integration and enlargement projects. It may very well seem that under Merkel's watch the EU went one step too far – as seen in the Treaty of Lisbon, which gave the EU a legal personality, a supranational

79. *Euobserver.com*. (2016). EU parliament group tells German AfD party to leave. Retrieved 23 May, 2016, from <https://euobserver.com/political/132619>

80. *Dw.com*. (2016). SW-Umfrage: Mehrheit der Deutschen ist gegen einen Brexit. Retrieved 23 May, 2016, from www.dw.com/de/dw-umfrage-mehrheit-der-deutschen-ist-gegen-einen-brexit/a-19186450

81. Eaton, G. (2016) 'They have swallowed their own propaganda.' *New Statesman*, 27 April, p. 26

diplomatic service and a Common Security and Defence Policy. While it is worthwhile remembering that nobody forced the British Parliament to ratify the Treaty of Maastricht, the Treaty of Amsterdam, the Treaty of Nice and the Treaty of Lisbon, none of this matters anymore when Britain votes on 23 June. Brexit would be another setback for Merkel with the Schengen Zone and the Eurozone already disintegrating.

While it would be misleading to blame the current disintegration processes on Germany, the Chancellor knows all too well how superficially Chancellors have been judged by the media, leaving Helmut Kohl as the 'Chancellor of [German] unification', an achievement which very much came down to being the German Chancellor at the right time in history.

Much more important than the perception of Merkel's legacy is the dire prospect for Europe. Even if the UK chooses to remain, a disintegrative momentum has been set in motion. Cameron will be expected to renegotiate the agreement from February and other Eurosceptic parties can use this example as leverage in election campaigns. What many European voters may perceive as the carrot could, in a Hegelian twist, very well be Merkel's stick.

Finally, another German nightmare looms on the horizon: Geert Wilders' Party for Freedom, which is leading the polls in the Netherlands ten months ahead of the next general election, is not only running on an anti-Islam but also on a hard Eurosceptic platform. Brexit, or even just the example set by the British referendum, could boost the Nexit camp. The European integration project has been kidnapped by a disintegrative process which may prove difficult to contain.

The Brexit referendum is not only a British affair

The view from Italy

Dr Felia Allum, Lecturer in Italian History and Politics, Department of Politics, Languages & International Studies and Annarita Criscitiello (Università Federico II, Naples University, Italy)

Why should Italians care about the Brexit debate in the UK? After all, Italy and the UK are at the opposite ends of the spectrum in terms of their relationship with the EU. As a letter co-signed by the countries' Foreign Ministers, Paolo Gentiloni and Philip Hammond, at a meeting in December 2015, put it: "Italy and the UK have two fundamentally opposing ideas of Europe". In contrast to the British vision of the EU, the main focus of which is business opportunities produced by the internal market, Italy's perspective is unashamedly federalist, and deeply committed to building "an ever closer Union" and creating a 'United States of Europe', particularly economically and institutionally. Thus, these are two very different visions, and two very contrasting approaches to Europe.

These differences can be explained by their distinct histories, geographies, institutions, and cultures. Italy was a founding member of the Common Market; indeed, the establishing treaty was signed in Rome in 1957. Italy always saw in the European project, not only the opportunity for the rebuilding of its economy and infrastructure after its defeat in World War II, but also a unique opportunity to regain political credibility after its fascist past and Mussolini's legacy. The UK, by contrast, joined the Common Market only in 1973. It had not initially been interested in joining in 1957 because it believed it was in a stronger position in its three spheres of influence (the Commonwealth, the US, and then Europe). Fifteen years later, it practically had to beg to be allowed to join, after De Gaulle had vetoed its first application in 1963.

These different starting points have greatly influenced their subsequent membership. It has been suggested that the Italians have always been the first to endorse decisions, but are rather slow at implementing them, whereas the British have been notorious for making complications but, once convinced, implementing decisions straight away. They also differ in relation to the development of Euroscepticism in their countries. Euroscepticism has in general dramatically increased over the last ten years but, especially since 2011 and the global economic crisis that put the whole of the European integration project into question, in particular in countries like the UK and Italy.

A Eurobarometer survey in 2013 highlighted the economic and cultural features of Euroscepticism in each member state. In the UK,

citizens were uncertain about what the nation and individuals gained from EU membership, whereas Italians were much more concerned about what families could gain. We can thus say that the strong British attachment to its national identity means that its form of Euroscepticism is not only economic, but also cultural.

Should they stay or should they go?

The Brexit debate has not yet made an impact on Italian politics or the Italian public at large. When David Cameron returned triumphantly from Brussels with his reform package, which kicked off the unofficial referendum campaign, it did not even make the headlines in the Italian national press – which was paying tribute to the great writer Umberto Eco, who had just passed away. It is not an exaggeration to say that, so far, there has been very little if any interest in the Brexit debate and its implications for Italy. This may change as the referendum date approaches, but what do Italians think at this stage?

Where there has been political discussion, it has been characterised by the traditional left versus right divide; or rather left, pro-Europeans versus right, populist Eurosceptics. This translates into the pro-Europeans wanting the UK to remain in the Union, and the Eurosceptics wanting the UK to leave. These positions have been clearly articulated by various politicians who believe that the implications of the Brexit referendum would go well beyond London and Brussels. Marco Piantini, an EU official and advisor on European affairs to the current Renzi government, is clearly worried. He recently expressed the Italian left's fear about a possible UK exit. He pointed out the significant role that the UK plays in the EU, and how a Europe without the UK would be a weaker, less globally consequential one. In particular, he argued that the UK's exit would have a very negative impact on the EU because the UK represents a substantial market and the largest trading space in the EU. To take this space away would be to deprive other member states of an important slice of economic trade and activity. Culturally, the EU's riches would also decline as the first international language would be outside the European family of languages. Thirdly, he argued that an EU without the UK would be a lesser political and diplomatic player. The EU, according to Piantini, would lose considerable international prestige and power without the UK's voice, because the UK has always been a key international player, and has contributed substantially to the major political events of the 20th Century, such as the defeat of fascism and the creation of the United Nations.

By contrast, some of the main representatives of the Italian right would welcome a UK exit. Matteo Salvini, leader of the populist and Eurosceptic Northern League, is hoping for a leave vote because he believes that a UK exit would weaken the EU project and throw its whole future into doubt, thus halting possible further European integration in its tracks. Representatives of Silvio Berlusconi's Forza Italia, such as Renato Brunetta, have argued that the EU's poor management of the immigration crisis and the threat of terrorism mean that reasons for Brexit have been reinforced and, if the UK were to leave, it would be the end of the EU.

So far, the Brexit question has largely been a non-event for the Italian political class, and where there has been an interest, it has become the traditional battle between Europeanists versus Eurosceptics, federalists versus intergovernmentalists.

Public opinion polls highlight that Italians and Brits have common fears and worries when it comes to European integration

What does the Italian public think of Brexit?

Euroscepticism now exists in both countries, regardless of their pro-European governments. Public opinion polls highlight that Italians and Brits have common fears and worries when it comes to European integration, which manifests itself as Euroscepticism. Two recent Italian public opinion polls (SWG and DEMOS & Pi) confirm this. The SWG poll (co-commissioned by the British Embassy in Rome, and conducted on a sample of 2,000 citizens above the age of 18) concentrated on the reform package negotiated by Cameron in early 2016. As we know this package gave the UK a 'special' status: fewer welfare obligations to EU citizens and a veto on further integration. This agreement was considered by 39% of those interviewed to have been a real failure for the EU. In particular, they believed that the EU should have got more from the British government. Of this group, about 45% made up of those who voted for the Five Star Movement, a movement that in itself is characterised by Euroscepticism.

It is also interesting to note that 20% of those interviewed believed that it would be better if the UK left the EU. Among those who were in favour of a Brexit, 30% were Northern League supporters, while only 15% of those interviewed believed that the agreed package was a positive one.

When asked about the possible consequences of a two-speed Europe and a possible Brexit, 42% believed that it would contribute to a weakening of the EU. Some 64% of these were left wing Democratic Party (PD)voters, and 57% right wing Forza Italia voters. 31% of those interviewed had a more catastrophic vision, believing that a two-speed Europe would signal the end of the EU; the majority of these were Northern League voters (49%). Only 9% believed that a Brexit would reinforce the EU, while 18% had no opinion.

The poll conducted by DEMOS & Pi (carried out in February 2016 on a sample of 1,014 citizens above the age of 18) focussed on the referendum itself. According to this poll, a slim majority (50.5%) believed that a Brexit would only have negative consequences. About one in ten (12%) believed that it would be a good thing for both the EU and the UK, and about 18% saw a negative impact for both sides. In particular, 15.3% believed that Brexit would produce a positive outcome for London and a negative one for Brussels. However, 19% of those polled thought that the UK's Brexit would have no impact whatsoever.

How do these opinions translate into political affiliations? Those most worried about a Brexit are left-wing PD voters with 73% believing it would provoke a negative outcome for all. But the majority of voters of all parties agreed that it would be negative: 44% of Northern League and Forza Italia voters and 39% of Five Star Movement voters. There was a clear division of opinion about whether Brexit would be a good

thing for London (and not Brussels) varying from 14% of Forza Italia voters, 18% Northern League and 26% Five Star Movement, to 5% of PD voters.

Considering the possible impact that Brexit could have on EU institutions, the feeling that emerged is one of preoccupation and worry both for those who had a negative opinion of the EU, and those who were more positive. Indeed, the majority (63%) of those who have faith or a lot of faith in EU institutions predicted negative consequences, but so did those who had little or no faith in EU institutions (46%).

Will Brexit force Itexit?

These attitudes and reactions of Italians may still change during the official referendum campaign. Time will tell. The political scientist Ilvo Diamanti recently focussed on the Brexit referendum debate in an article in the national daily La Repubblica and made some interesting comments. Although his article was about the use of referendums in representative democracies (Italy held a referendum on 17 April on how to access petrol in Italy), his arguments are more subtle. He argued that the Brexit referendum is not only a British affair, and stressed how the consequences will be felt across Europe. The main thrust of his argument, which has not yet really been heard in the UK, is that if the UK does leave the EU after the referendum on 23 June, other countries where Euroscepticism is a growing phenomenon might also want to leave, and this might prove the end of the EU. “Who supports Brexit in Italy”, he writes, “supports the end of the EU”.

He makes a more general point about the state of representative democracies and the widening gap that exists in all EU countries between politicians and voters: the growing crisis of representative democracy. One way of trying to curb this alienation is for politicians to use elements of direct democracy such as the referendum to make citizens feel more involved in politics. This is the path that Matteo Renzi has chosen: a referendum on constitutional reform will be held later this year. But if Britain votes to leave the EU, Renzi might find himself facing a referendum on the most substantial question that could be posed to Italian citizens: Itexit.

Brexit: the view from Spain

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With no government in place since the general election held on 20 December 2015, and successive rounds of negotiations failing to prevent another general election on 26 June this year, the Spanish people might be forgiven for having their minds on that date rather than on the UK Brexit referendum – which will be held just three days before. The possibility of Brexit has nevertheless stimulated considerable debate within Spanish society, with the media and academic commentators expressing concern at the prospect of a UK withdrawal from the EU and the possible consequences for Spain. Since joining what was then the EC in 1986, Spain has been one of the most Euro-enthusiastic member states, and not without reason. Although economic integration with the rest of the continent made significant progress during the latter half of Franco's 40-year dictatorship, the nature of his regime effectively barred the country from EU membership. It is within this context that Spaniards were socialised into equating European integration with democracy, peace and progress, as famously encapsulated by the philosopher José Ortega y Gasset a century ago: "if Spain is the problem, Europe is the solution." Although enthusiasm for European integration has inevitably waxed and waned during the three decades of Spain's EU membership, it nevertheless remains the case that no major political party currently considers it advantageous to adopt a stance of outright opposition to the European project, much less advocate actual withdrawal from the EU. Even the anti-austerity Podemos ('We Can') has confined its criticisms to particular aspects of integration, such as the need for a reform of the ECB's statutes and more lenient deadlines for public debt and deficit repayment. Neither Spexit nor withdrawal from the euro are advocated by Podemos – nor, indeed, by any major political party. It might also be noted that the current Catalan government, which comprises a number of nationalist parties that are in favour of the region obtaining its independence from Spain, is equally wedded to remaining within the EU. Whether the EU would be prepared to accept an independent Catalonia is another matter.

Given this context of overwhelming support for the European 'project', debate within Spain on the deal reached by David Cameron at the European Council meeting in Brussels in February, and his decision to submit the issue to a referendum, has been characterised by unease as regards what Spain – and the EU more generally – might lose in the event of the UK electorate voting in favour of Brexit on 23 June.

In articles produced for the prestigious Madrid-based think tank the Real Instituto Elcano, Salvador Llaudes and Ignacio Molina indicate

Spain backed the EU's efforts to assist David Cameron in obtaining a deal which would contribute towards a rejection of Brexit at the June referendum with the proviso that key EU principles would not be sacrificed in seeking to accommodate the UK

that Brexit would deprive the EU of an original, influential member state with a robust capacity to challenge Brussels decision-making. Moreover, they argue that the UK strengthens the EU with respect to its profile on the world stage and an economic flexibility which contrasts favourably with the statist approach of the other two leading member states, France and Germany. Notwithstanding its reputation as the 'awkward partner', the UK has been adept at negotiating advantages and opt-outs in key areas including the country's budget contribution, monetary policy and its exclusion from the Schengen area. The authors nevertheless draw attention to the fact that with regard to Cameron's negotiations in Brussels, the centre-right Popular Party government has concerns about several areas, including its unease at the possibility that any deal might constrain Eurozone members' right to advance towards greater economic and political union. They are also anxious that reference to an ever-closer union should be maintained in the treaties; that changes to the EU's legislative procedures should not make them even more complex; and finally, as regards immigration, that the Spanish government continues to give its full support to the principle of free movement of people within the EU – whilst nevertheless adopting a muted approach concerning the UK, given that there are many more UK citizens resident in Spain than there are Spaniards in the UK, and the Spanish government has been keen not to draw attention at the domestic level to the growing number of Spaniards moving to the UK in search of job opportunities which simply do not exist at home. In essence, Spain backed the EU's efforts to assist David Cameron in obtaining a deal which would contribute towards a rejection of Brexit at the June referendum with the proviso that key EU principles would not be sacrificed in seeking to accommodate the UK. From the viewpoint of Madrid, boosting the prospect of the UK remaining within the EU ultimately merited the EU's relative generosity towards Cameron in agreeing a deal.

As has been noted, the number of Spaniards living and working in the UK has increased over recent years, exacerbating concerns within Spain about the implications of Brexit. In a report published in April 2016 by the Migration Observatory at the University of Oxford, entitled 'Pulling Power: Why are EU citizens migrating to the UK?'⁸², the number of people born in Spain and living in the UK more than doubled between 2011 and 2015 from 63,000 to 137,000. With Spain's unemployment rate remaining above 20% (and marginally below 50% for under 25s) – going some way to explaining the chief 'push' factor for those opting to leave the country – the report indicates that the UK's flexible labour market is thought to have contributed to the relative ease with which migrant workers have been able to find jobs in the UK, particularly when compared with countries with stricter labour market regulation. Here, it should be noted that despite a major reform of the Spanish labour market in February 2012, the country still has some way

82. The Migration Observatory (2016, April) Pulling power: Why are EU citizens migrating to the UK? Retrieved 23 May 2016 from www.migrationobservatory.ox.ac.uk/sites/files/migobs/pull%20factor%20commentary_0.pdf

to go in terms of tackling the disparity in working conditions between the three-quarters of the working population on permanent contracts and the remaining quarter employed on short-term contracts. There is no single 'pull' factor that attracts migrants from the EU to the UK, but a combination of economic and social factors does appear to have made the UK an attractive destination. The report concludes that "job growth in the UK and the strength of the economic recovery in Southern European countries in the short to medium term [...] are all likely to influence the pressure for EU citizens to migrate to the UK."

The concern of many within Spain at the prospect of a vote in favour of Brexit at the referendum was conveyed by José Manuel García-Margallo, the country's acting Foreign Minister, in an interview published in *El País* on 18 April, in which he draws attention to the referendum being held at a particularly delicate moment for the EU, with Greece's bailout and the refugee crisis remaining unresolved, and member states reluctant to share sensitive information in the fight against jihadi terrorism. He concludes: "If Cameron's domestic problems are added to the above concerns, there is a genuine risk that a 'no' vote might prevail. And that really worries the Spanish government".⁸³ The Popular Party government's unease at the possible consequences of Brexit is linked to its wish not to lose a key ally in the promotion of market-friendly economic policies throughout the EU. Concern that a vote in favour of Brexit at the June referendum might spark off turmoil within the financial and bond markets will also concern the Popular Party government; it only narrowly avoided having to request the kind of EU bailout required by Greece, Ireland and Portugal just months after entering office towards the end of 2011. Although the Spanish economy has recently been enjoying the highest average rate of growth in the Eurozone, there are fears that that recovery is starting to show signs of running out of steam – a development which has not been helped by the country's protracted political stalemate. These concerns are shared by the centre-right *Ciudadanos* (Citizens), which may well have a decisive role to play in the formation of a coalition government following the general election in June. The socialist Spanish Socialist Workers Party (PSOE) also supported the decision of acting Prime Minister Mariano Rajoy to support the deal reached between David Cameron and the EU at the Brussels Council meeting in February, indicating that the agreement was necessary in order to reduce the possibility of a vote in favour of Brexit at the June referendum. The anti-austerity *Podemos* nevertheless recommended that Rajoy should refuse to back the agreement. Pablo Bustinduy, *Podemos*'s spokesperson on the Parliamentary Foreign Affairs Committee, warned that the EU's proposal to avoid Brexit set a "terrible legal and political precedent" given that it discriminated between EU workers on the basis of their country of origin.⁸⁴

83. García-Margallo, J. M. (2016) 'Entrevista con el ministro de Asuntos Exteriores en funciones', *El País* 18 April

84. *Europa Press*. (2016) Retrieved 23 May, 2016, from www.europapress.es/nacional/noticia-psoe-asume-rajoy-debe-firmar-acuerdo-evitar-brexit-20160214125945.html

As noted at the beginning of this piece, Spain is currently in a period of political limbo, and parties' failure to strike a deal on the formation of a stable coalition government has hardly endeared them to the Spanish electorate, who will have to vote again six months after the last general election. Should its UK equivalent vote in favour of withdrawal from the EU days before that election, Spaniards will at least go to the polls in the knowledge that the level of uncertainty in the immediate aftermath – no matter what the result – will be as nothing compared to that of the UK following the referendum.

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