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ANUCES/ABC's Big Ideas – Exploring Brexit

Edited by Nicholas Simoes da Silva



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Exploring Brexit

Edited by Nicholas Simoes da Silva
ANU

This briefing paper is one in a series of papers on European ideas and issues. The series builds on panel discussions broadcast on ABC Radio National's Big Ideas program, held in partnership with the ANU Centre for European Studies.

Introduction

On 1 June 2016, the ANU Centre for European Studies, the Monash European and EU Centre and ABC Radio National's *Big Ideas* program partnered to host a panel discussion titled 'Brexit or Bremain? Implications of the UK's EU referendum for Australia and the world.' The discussion brought together four experts on European integration and politics to discuss a British exit from the European Union, and the issues associated with such an exit. This briefing paper is an edited and abridged report of their discussion, and is broken into a number of sections based on the broad themes the panellists discussed throughout.

Moderator:

Professor Marko Pavlyshyn, Director of the Monash European and EU Centre.

Speakers:

Dr Annmarie Elijah, Associate Director of the ANU Centre for European Studies;

Dr Remy Davison, Jean Monnet Chair in Politics and Economics, Monash University;

Dr Ben Wellings, Deputy-Director of the Monash European and EU Centre.

The discussion was held prior to the British referendum vote on 23 June, in which 52% of British voters chose to leave the European Union. However, the predictions and comments of the panellists remain relevant and important, as the UK is yet to leave the EU. UK Prime Minister Theresa May has made it clear that 'Brexit means Brexit,' emphasising that the UK will eventually leave the EU. Indeed, she has set a date in March 2017 for triggering Article 50 of the Treaty on the Functioning of the European Union, which will begin the two year period of negotiations in which the UK and EU will seek to determine exit terms. After this period, absent an extension of time, the UK will exit the EU. Yet it is unclear on what terms the UK will leave the EU, and what the post-Brexit relationship may be. This briefing paper draws on the insights the panellists offered to contextualise and analyse Brexit, including its consequences for the UK, EU and Australia, as well as for international trade and security.

Australia and Brexit

Dr Elijah began the discussion by laying out the Australian government's stance on a British exit from the European Union. Officially, the Australian position is that it is a matter for the British people to decide. This is the same as the Australian position during the 1975 British referendum

on the question of participation in the then European Communities. However, Australian governments have a long history of stating this and then intervening nonetheless. Indeed, despite the Australian Government's numerous protestations of impartiality, its position was one clearly in favour of the UK remaining in the European Union. Prior to Brexit, numerous Australian leaders, including Prime Minister Malcolm Turnbull and various ministers, reiterated this position. The usual terminology is that Australia favours an active UK membership in a strong EU.

Dr Wellings, whilst agreeing with Dr Elijah on the general opposition of the Australian Government to Brexit, commented that there was a degree of divergence among Australian politicians. In particular, he speculated that if Tony Abbott had still been Prime Minister, there might have been greater ambivalence about the possibility of Brexit in the Australian Government. He attributed this to Mr Abbott's more rightward politics, arguing that if Abbott were a British politician, he would be on the Eurosceptic right of the Conservative Party. Dr Wellings added that there is a degree of *schadenfreude* on the part of the right of Australian politics, perhaps because the EU is associated with things like environmentalism and causes against which the right of Australian politics sets itself. Dr Wellings argued that whilst the Labor party and the leadership of the Liberal party are clearly against Brexit, there is a degree of variance within the right of the Liberal and National parties.

A key issue in the lead up to Brexit was its potential effects on Australia, including the potential opportunities for Australia in the event of a Brexit. Dr Davison argued it is clear that Brexit will have serious implications for Australia. Britain is by far the largest European investor in Australia, comprising 16% of total foreign investment in Australia and only behind the US overall. As of 2014, the total investment by Britain in Australia exceeded \$484 billion, \$87 billion of which was indirect investment. However, Dr Davison observed that much of this is not strictly British investment as a substantial amount of EU member state investment in Australia goes through the city of London, such as in corporate bonds. Dr Elijah emphasised that the situation for Australia would depend on the terms and conditions on which the UK leaves the EU, which remain largely unknown. The referendum itself was quite simple, having been either a yes or no to remaining in the EU. The real challenge is evident in the complex exit negotiations that now follow the vote to leave, and the full implications for Australia of Brexit will only become clear when these negotiations are finalised. Indeed, we know almost as much post-referendum about what the UK is seeking in a Brexit as we did prior to the vote. Dr Elijah concluded that the absence of clear terms and negotiating positions makes it difficult to assess the implications of Brexit for a third-country such as Australia.

Another area for discussion centred on the extent to which the UK and Australia have cooperated on EU matters in the past, and the impact of Brexit on that. Dr Elijah led the discussion here, arguing that it has always been unclear the extent to which collaboration occurs. She observed that it has often been suggested that the UK and Australia have a shared interest in EU reform, from which both countries may benefit from economically, and that this results in cooperation on EU matters. However, she suggested that the evidence supporting such an Australia-UK coordination of policy responses is limited. Indeed, Dr Elijah pointed to the negotiations in the 1960s when the UK sought accession to the European Communities, a development from which Australia lost economically. She observed that the UK did little to mitigate the effects on

Australia, such as through pushing for the use of a transitional period or access to the EC market. Whilst the two countries have often held similar positions on very prominent European Union policies such as the Common Agricultural Policy, this has not necessarily translated into a 'common position' on these EU-related issues. This dynamic becomes interesting in the context of Brexit. Post-Brexit, it is unclear whether the UK would cooperate further with Australia in, for example, multilateral associations or trade agreements. Prior to Britain's accession to the European Communities, the UK and Australia had a free trade agreement, known as UKATA. Dr Elijah dismissed the proposition that, post-Brexit, the UK and Australia could simply readopt such a framework for bilateral economic relations. She argued that the agreement is not the kind of modern comprehensive trade agreement that states would want to revive. Indeed, it is not clear that the UK and Australia would have shared interests in any new trade agreements. Dr Wellings agreed with this, arguing that Australian trade delegations rarely visit the UK anymore, focusing instead on Germany or smaller European states. Overall, whilst the UK and Australia broadly share similar ideas about the free market and the role of the state, this rarely translates into cooperation on European matters, particularly because each has different interests.

Should the UK leave the EU's Single Market and be free and willing to negotiate free trade agreements with the rest of the world, it is not clear whether this would benefit Australia. Dr Elijah emphasised this point, arguing that it is necessary to dispense with some of our historical assumptions. In particular, when the UK first contemplated joining the European Communities in the 1950s and 1960s, before acceding in the 1970s, it was largely regarded as a negative development for Australia. However, the exit of the UK from the EU would not necessarily be advantageous for Australia. Although there may be short or medium-term gains, such as export advantages for certain Australian companies, the uncertainty surrounding the terms of the exit will likely create economic and political issues that limit growth. This becomes more salient as the world enters the post-Brexit transition period and as the difficulties of negotiating a Brexit become clearer. It is far more likely that a Brexit would be disruptive not only to Australia's relationship with the UK itself, but also with the broader EU. EU-Australia relations are currently strong, having arrived at a relatively harmonious period for the first time in decades. They have recently concluded a political agreement, called the Framework Agreement, and they are shortly to commence negotiations on a potential FTA. It is thus difficult to see how a Brexit could be anything but disruptive in this context. With the terms of a British exit from the EU still unclear, Dr Elijah's comments highlight the complications that face third-party countries in their relations with the UK. This is particularly heightened as countries await the triggering of Article 50 in early 2017 and the long negotiations that will follow, until at least 2019.

Brexit and the UK's place in the world

An area of substantial speculation has been the impact of an eventual Brexit on the UK's global standing and influence. Dr Elijah argued that it is unlikely that Brexit would enhance the UK's position in the world. Firstly, the British economy will face a protracted period of uncertainty as the UK faces potentially losing preferential access to the 27 other markets in the EU. Furthermore, the UK is currently party to dozens of FTAs and investment agreements as a consequence of its EU membership. On leaving the EU, the UK will need to disentangle itself from these international agreements, and begin the long and difficult process of renegotiating new agreements with its trade partners. Secondly, strategically, the EU is not as developed an

actor in security and international politics as it is economically. Nevertheless, the institutions of the EU are set up in such a way as to enable cooperation on many issues of international significance. Again, the UK will have to re-establish trust with the EU 27 and develop new forums and methods for conducting its international relationships, first with Europe and then with other key partners and allies, such as the US. This is a potentially long, difficult and complex process. Within the UK, a number of figures have suggested approaches for addressing the strategic implications of Brexit. One approach emphasises the potential of the so-called 'Anglosphere,' extending to the US, Canada and Australia. However, Dr Elijah concluded that the capacity of the UK to develop such a sphere is highly circumscribed by the UK's present economic situation and its declining global strategic role. Another alternative she posited was the UK seeking a reinvigorated role in NATO or using another international institution as a vehicle for maintaining its strategic and security engagement with the world.

Brexit and the UK's economy

The impact of Brexit on the UK economy is still unknown. Dr Davison contextualised this issue by focusing on the UK's deep economic integration into the EU. In particular, the UK financial market is deeply connected to other EU markets, with the City of London doing more Euro-denominated business than Paris and Frankfurt combined, despite the UK's absence from the monetary union. The City of London contributes roughly half a trillion pounds to the UK's GDP annually. However, Britain has a trade deficit with the EU. Yet Dr Davison argued that this fact does not take into account two-way trade, meaning the productive imports that go into the British economy from the EU and are turned into goods or services for export. Indeed, the UK has a surplus with non-EU members, including European countries who are non-EU and other countries like the United States. The significant German-UK trade relationship is illustrative of the potential risks the UK faces if it leaves the EU's single market. Whilst the UK runs a trade deficit with Germany, ten percent of all its exports go to Germany. The two economies are clearly tightly linked. Overall, about forty-five percent of all UK exports go to the EU. However, there is a caveat there because of the so-called Rotterdam-Antwerp effect. This effect artificially increases the percentage of British exports to the EU as they go through European ports on the way to their final destination in non-EU countries. Overall, Dr Davison concluded that it is very difficult to accurately measure the exact amount of British exports to other EU countries. Despite ambiguity as to exact numbers, the UK is deeply integrated into the EU single market and with other EU member states.

It is therefore difficult to measure the potential effects of Brexit on the British economy. In exploring the economic impacts, Dr Davison observed that it is difficult to find serious economists who argue that a Brexit would be positive for the British economy. However, he pointed to a few outliers. For example, Professor Patrick Menford advocated for a Brexit, focusing on the benefits he argued would accrue for the British economy. The figures upon which these advocates base their claims are highly contested by other economists and the British Government. The official figures from the UK Treasury Department project that Brexit will cause a fall in UK GDP of around 6.2%. This would mean a reduction in household income of about £4300 per annum, a substantial lowering that would result in lower living standards and consumption. According to the same projections, which extend to 2030, there would be a substantial decrease in taxation revenue as a result of reduced British GDP. British public

finances thus risk being noticeably affected by a Brexit. Dr Davison observed that this reduction would be greater than the net cost of the annual UK contribution to the European Union. In arguing for Brexit, proponents suggested there would be a 'departure dividend' for leaving the European Union. This would be the result of no longer providing contributions and the new freedom to sign free trade agreements, such as with the United States or any other country with which it wanted an FTA. The most optimistic scenario that pro-Brexit economists have produced is an increase in UK GDP of 34% by 2030, though little evidence supports that. More serious economic studies have predicted a best-case scenario of 27% by 2030. The worst case projects a 20% rise through 2030. Dr Davison thus concluded that Brexit means an overall reduction in UK GDP, taxation revenue and household wealth, though the extent remains contested.

In challenging these numbers and forecasts, pro-Brexit advocates have argued that the UK could withdraw to the European Economic Area. Proponents point to the examples of Iceland and Norway or the bilateral treaties that Switzerland has signed with the EU, as instances where non-EU countries have gained access to the single European market. This approach has historical precedent in the UK, with Dr Davison observing that the British government in the 1990s considered leaving the EU but remaining in the single market. However, they discarded the possibility because the EU would be unlikely to grant such a concession. Alternatively, the UK could revert back to World Trade Organisation rules and so called classic Paris access to the European market. The UK could then sign agreements with the European Union, including a free trade agreement, of a WTO Plus standard. Furthermore, the UK could then sign free trade agreements with many other countries, something they are precluded from doing as a member of the EU. This is because the EU Commission negotiates on behalf of all member countries, and individual member countries cannot conclude their own individual free trade agreements with third countries. However, it is unclear how quickly such agreements could be concluded and the concessions that the EU or third countries would offer in an FTA with the UK.

Overall, as the UK and the EU enter the Brexit negotiations in 2017, the arguments of the panellist highlight that much remains unclear and dependent on the outcome of those negotiations. The arguments of Dr Davison and Dr Elijah suggest that the UK should be wary of seeking complete removal from the single market, as such a move risks the highly integrated EU-UK economic relationships. Furthermore, the potential dividends of such a move are uncertain.

British Security and the EU

Dr Davison emphasised the importance of the historical context in this area, observing that Britain has had an extensive and long-term security relationship with Europe going back to just after the Second World War, particularly through the Brussels treaty which became the nascent NATO. The history of the Franco-British relationship is central in this. Whilst Britain has had periodic rivalries with France over security leadership in Europe, this relationship has become much closer in recent years. In 1998 Tony Blair met with President Chirac at Saint-Malo. Their meeting resulted in a far reaching agreement, which ultimately resulted in the creation of the EU's Common Security and Defence Policy (CSDP). This Franco-British reconciliation recognised that second order powers such as France and Britain could not compete alone with major powers. This was the case both in terms of their defence and security capacity and their power projection. The meeting and the CSDP was also a recognition of the fragmented European

defence market, which later resulted in the European Defence Agency. The EDA was a small office designed to encourage a single European market in defence procurement. Europe, despite having an enormous defence budget, did not have a world-leading military capacity, an issue compounded by the fragmentation of defence industries. As a consequence of this historical fragmentation and issues of cooperation, in recent years Britain has collaborated closely with companies like Airbus. For example, British Aerospace (BAE) is a major shareholder in the Airbus group. Thus, the past decade has seen an integration of defence industries. Over the past decade, Britain has also grown much closer to France in defence cooperation. A factor in this was the British development of the Ark Royal aircraft carrier, and the ongoing construction of the Queen Elizabeth class of aircraft carrier which will be commissioned in 2017. In 2010, the two countries signed the Lancaster House treaties which allow the two countries to make joint use of facilities and also formalises joint research and development. The agreement also creates structures for nuclear cooperation and a joint combat system. The French-British relationship has thus become increasingly close in recent years.

The extent of this relationship was demonstrated by the intervention in Libya in 2011 which was jointly led by the British and French, with the United States providing support through NATO. However, this intervention also revealed weaknesses in pan-European defence cooperation. Despite the creation of EU defence structures, integration remains shallow and European states are still dependent on the United States and NATO. For example, the French and British ran out of ammunition during the operation and had to be resupplied by the Americans, evidence of substantial logistical gaps. Furthermore, European states are reluctant to contribute a larger proportion of the overall budget to defence spending. An important development for EU defence integration and cooperation occurred with France's re-joining of NATO, initiated by French President Nicolas Sarkozy. This move arguably strengthened NATO as the primary place for European defence cooperation, shifting the focus from the EU's Common Security and Defence Policy. This was supported by the British, who have long argued that NATO should be the lead organisation on defence matters. In particular, the British have shown a strong opposition to any European military force.

The extent to which British-European security cooperation may be damaged by Brexit has proven an important area for concern in light of these growing pan-European defence links. Dr Davison posited that Brexit will make future cooperation difficult and more complex. In particular, there is the suggestion that Brexit will move the British closer to the US, a relationship that has long been a difficult one for European partners to manage. He observed that this relationship has always limited the extent of British cooperation with European partners. He pointed to the recent development of a tank, in which the Germans, French and British were partners, and which the British unexpectedly withdrew from. In contrast, the British have worked closely with the Americans in developing the Joint Strike Fighter. The British have also been worried by rumours of an EU army which would subsume NATO's functions, a rumour largely the product of pro-Brexit newspapers and politicians. Indeed, there is little truth to this. Germany, likely the primary contributor to such an army, has repeatedly refused to countenance the creation of an EU army. Germany is firmly within NATO, notwithstanding its ambivalence about membership and its abstention from the Libyan operation. As far as the relationship with the rest of Europe is concerned, there are now several battlegroups operating under the Common

Security and Defence Policy and EU member states are involved in more than 20 peacekeeping operations around the world. The British play an integral role in these missions, in regions as diverse as Kosovo, the Central African Republic, Georgia and sub-Saharan Africa. British forces are inordinately important in European peacekeeping and rule of law operations around the world, and Dr Davison concluded that Brexit poses a serious detriment to European security and global peacekeeping.

Overall, these developments, particularly the British focus on NATO, mean that British security may be less impacted by Brexit, as the UK will remain active in NATO. However, Franco-British security cooperation may be weakened by Brexit, particularly if the French focus more on the EU's CFSP or if they choose to not further develop the foundation of the Lancaster agreement. Lastly, whilst British security may be less impacted by Brexit, the reach and scale of EU peacekeeping and security operations are likely to be weakened by the British exit from the EU.

The European Balance of Power and Brexit

EU security may well be a significant victim of Brexit as it loses the UK, the EU member with the most powerful military. Dr Davison focused on the reassertion of Russian power in the former Soviet territories. With most Eastern European states now being members of the EU, the European project is closely effected by the behaviour of Russia and the security situation of its Eastern member states such as Poland and the Baltic states. The issue of Eastern security has gained salience in recent years, with the Russian invasion of Georgia in 2008, as well as the annexation of the Crimea in 2014 and the 'Green Men' in Eastern Ukraine in 2014. Dr Davison suggested that these events demonstrate that Russia has become more assertive as it has felt more insecure and threatened by Western nations.

Brexit is important in this context, as Britain has traditionally been a major supporter of East European countries coming into NATO and the EU. For example, soon after the Berlin Wall fell, British PM John Major was the first leader to publicly support expanding the European Union in the 1990s. Indeed, the British were told to avoid this discussion by the then President of the European Commission, Jacques Delors, who felt the EU should be focused on the Monetary Union. The British Government was thus enthusiastic about Eastern Europe joining the EU, and an important advocate. In turn, Eastern European states have been supporters of the British, supporting the Blair and Bush governments in the invasion of Iraq in 2003. This support angered both Paris and Berlin and caused a major rift in the transatlantic relationship between many European states and the US, the effects of which linger. Eastern European states have long seen NATO and particularly the UK's leadership as important in Eastern European security. The importance of the UK to East Europe as one of the three leading defence powers in the EU was demonstrated by its willingness to push for the integration of Eastern and Central European states into the European security architecture. In this it has often faced down the other two defence powers, France and Germany, who have opposed extending security protections eastward. For example, at the NATO Bucharest summit in 2008, the French and the Germans opposed the extension of NATO membership to Georgia and Ukraine. Dr Davison suggested that the French and the Germans have traditionally been more reluctant to anger Russia, or to give them an excuse to meddle in Eastern Europe. Just months after the summit, the Russians invaded Georgia and more recently have intervened in Ukraine, effectively making Georgian and

Ukrainian membership impossible. Dr Wellings commented here that the UK has frequently been seen as a counterbalance to the Franco-German motor of European integration. Eastern European states worry that the exit of the UK from the EU will remove this balance within the Union, potentially resulting in more intensive and deeper European integration without the balancing of the United Kingdom. When Brexit occurs, it may lead to a realignment of power and policy within the EU, with Eastern European states losing a powerful supporter in both security affairs and in keeping the EU focused on economic matters and the single market.

An EU without the UK is one lacking the world's fifth largest military power and a major supplier of foreign aid, a development that will have important implications for the bloc's global influence and security. Likewise, the UK will no longer work within the EU's structures for the application of sanctions and travel bans to aggressive states, which has been a key tool for the EU in responding to Russian aggression in Ukraine. The balance of power in the EU and Europe as a whole may be substantially transformed by Brexit as the Franco-German alliance gains further influence over the Union's direction. The spectre of Russia also looms in the future of a post-Brexit EU.

What led to the Brexit Referendum?

Dr Wellings argued that whilst we have seen integration and Europeanisation in the fields of economics and trade British politics has remained largely exempt from this. In particular, the referendum on the 23 June 2016 is explicable by British domestic politics, principally the intra-party divisions within the Conservative Party. These divisions are traceable over 25 years, to the fall of Margaret Thatcher in 1990. The so-called Europe issue drove a wedge between her and many of her pro-EU senior colleagues in Cabinet, and contributed to her removal. These developments in the long term created two networks within the Conservative Party, with many senior ministers emerging from this period as supporters of the EU. This remained the status quo for many years, but gradually changed with the election of young Eurosceptic backbenchers, who strongly opposed European integration. Successive general elections saw more elected, and resulted in the hardening of Conservative Party members' opposition to the European Union. In the Brexit vote, a majority of the Conservative party membership voted to leave the European Union. Compounding these divisions was the emergence of an ideal alignment of anti-EU voters from the Labour party, and the rise of largely single-issue parties such as the UK Independence Party (UKIP) who have threatened to attract these discontented voters. UKIP saw notable successes in the European Parliament elections in 2009, and grew this success in 2014 when they came first in the UK. This further pressured backbench Conservative MPs who grew fearful of being undermined from the right by UKIP. Conservative Party Prime Minister, David Cameron, struggled with how to respond to the achievements of UKIP and the demands of a growing group of Eurosceptic Conservative backbenchers. Initially opposed to a referendum on EU membership, Cameron changed this position in 2013 and promised a referendum if the Conservative Party won a majority at the 2015 general election. Despite expectations of a Conservative loss or minority government, Cameron led the party to win with a small majority. The Brexit referendum is thus the result of a confluence of factors, which acted together to force David Cameron's hand and which resulted in the British people's decision to leave the EU on 23 June 2016.

A difficult question that political analysts have been grappling with in the aftermath of the vote to leave is how this deep British, largely English, Euroscepticism came about? Dr Wellings suggested that Euroscepticism is an embedded feature of the European project and a natural and inevitable response to European integration. An interesting question here is whether Euroscepticism is indeed a negative thing, or understandable in the context of unmet or betrayed expectations which lead people to a sense of betrayal. Dr Wellings observed that the European project was always sold to the British people as a primarily economic project, and questions of sovereignty and independence have largely been left unanswered. This resulted in different expectations amongst the British people, which today has resulted in anger among some at the enlarged scope and scale of the European Union. British Euroscepticism is perhaps a product of these unmet expectations. In the 1960s and 1970s, Britain was in relative economic decline compared to its West European partners. The push to join the then European Communities was a consequence of this, and the British Government pushed for European integration on the basis of trade and economics, largely ignoring the evidence that the European project had other, more controversial aims. The federalist push amongst pro-Europeans at the time was evidence that the European project was always a political one. This push was accelerated in 1998 with the creation of the European Central Bank and the finalisation of the euro currency plans. The creation of the Economic and Monetary Union marked the point at which Britain and British expectations started to seriously diverge from other European states. Dr Wellings also pointed to the English narrative that the European project is a club for losers of the Second World War. In the English memory, the Second World War is Britain's apogee, marking the beginning of its decline. Dr Wellings concluded that the European Union is an institutional manifestation of that decline, and this alignment with English national narratives partly explains why it is relatively easy to mobilise Euroscepticism in the United Kingdom.

Remainers and Brexiteers

There were sharp regional, demographic and socioeconomic divergences in voting patterns in the EU referendum. Shortly prior to the vote, Dr Wellings speculated on who would vote to leave and who would choose to remain in the EU. According to a study held before the referendum, the type of person most likely to vote remain was a young professional Scottish woman. Conversely, the demographic group most likely to want to leave was a white working class male in his fifties. Dr Wellings observed that young people are less likely to vote than older people, which he predicted would make turnout a key issue in determining the success or failure of the Brexiteers. Post-referendum polling confirmed both these observations, as young people voted to remain but with a substantially lower turnout than older voters, which was a key contributor to the pro-Brexit result. Another key voting group were those who felt left behind by European integration and globalisation. In particular, those who feel they have not benefitted from European integration expressed their resentment by voting to leave the EU. In contrast, the majority of London's voters chose to remain. Many work in the City of London and have experienced many of the EU's benefits, although Dr Wellings argued that even in London there is a remarkable divergence in opinions and support for Brexit. He concluded that the decision whether to remain or leave was closely linked to whether a person felt they had individually benefitted from British membership in the EU.

Another key factor for voters was what issues voters were most concerned about. The economic argument was central in the Remain argument, whilst pro-Brexit leaders focused on immigration. Immigration was a particularly salient issue as many felt betrayed by the Government's promises to reduce it. Official figures show that immigration into the UK in 2015 was over 330,000, despite the Government's pledge to get immigration under 100,000. Pro-Brexit campaigners frequently pointed to these figures to suggest that the UK could not control its borders as long as it remained in the EU. An interesting issue that the Brexiteers seized upon was that of free trade, which they argued would be strengthened in leaving the closed single market of the EU, again emphasising the benefits of being free to sign FTAs. Dr Wellings suggested that these pro-Brexit politicians see themselves as the heirs to the Cobden and Bright tradition in English free trade. However, he observed that there is a paradox in the apparent ease of getting out of the EU and entering the global market, and the incredible complexity of this proposition due to the scale and depth of British integration into the EU. In the aftermath of Brexit, this argument seems to have been vindicated, with many scholars and former senior British public servants suggesting that the task of leaving is so complex it may overwhelm the civil service.

The Remain and Leave camps each had specific issues and claims that they used to appeal to British voters, with the aim of cobbling together a coalition capable of carrying the vote. In the end, though close, the Leave camp's voter demographics were larger and its issues more compelling.

Scotland and Brexit

A key question looming over the vote to leave the EU is the extent to which regional divisions might lead to ruptures in the United Kingdom, itself a Union of four nations. Dr Wellings observed that Scotland would be the most likely to leave the UK in the event of Brexit, suggesting that Scotland may well leave in order to get back into the EU. In the 2014 Scottish referendum on leaving the UK, a key argument for those wanting to leave the UK was that Scotland could join the EU in its own right, thus remaining part of a larger economic union and the benefits that brings. However, those arguing against leaving the UK observed that Scotland may not have been able to re-join the EU in its own right, and that remaining part of the UK ensured EU access. With Brexit though, England is dragging pro-EU Scotland out of the EU, and negating this latter argument's potency. In this context, in which Scotland will be out of the EU regardless, it is more likely that some Scots who previously opposed independence from the UK would now support it. Indeed, Nicola Sturgeon, the Scottish First Minister, has made it clear that she is ready and willing to hold a second independence referendum when it seems a majority of Scots support it.

Conclusion

The panel discussion went to air on the 23rd of June 2016, the date of the referendum. The Centre's analysis of Brexit has continued since the vote for exit, with several of the Centre's academics publishing a piece in the August 2016 edition of the *NSW Law Society Journal* titled 'Key legal implications of UK withdrawal from the EU.' This will be followed in the near future by another article on Brexit in the *NSW Law Society Journal*. Keep an eye on the Centre's website for future research on this complex and evolving area (<http://politicsir.cass.anu.edu.au/centres/anu-centre-for-european-studies>).

The recording of the discussion can be found here:

<http://www.abc.net.au/radionational/programs/bigideas/features/big-ideas-from-europe/brexit-or-bremain-the-implications-of-the-uk's-eu-referendum/7485164>.

The article in the *NSW Law Society Journal* on 'Key legal implications of UK withdrawal from the EU' can be found here: <https://lawsociety.cld.bz/LSJ-August-2016/70>

The Centre's policy note on 'Understanding Brexit: Charting the Challenges' can be found here: <http://politicsir.cass.anu.edu.au/sites/politicsir.anu.edu.au/files/documents/ANUCES-Policy-Notes-2016-1.pdf.pdf>