

# The Meaning of a British Exit from the European Union

Written by John McCormick

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JOHN MCCORMICK, JUL 25 2014

Since January 2013, and the announcement by British Prime Minister David Cameron of his plan to hold a referendum on continued UK membership of the European Union, there has been much speculation about the possible effects of a so-called 'Brexit'. However, it can be no more than speculation, because no member state of the EU has ever left the club, leaving us to sail through uncharted waters.

On several preliminary points we need to be clear. First, the promise of a referendum is less about a genuine effort to put the question to a national vote than to head off a dispute within the governing Conservative party, which is deeply split on Europe. There are shades here of the last time Britain had a referendum on Europe, in 1975; this too was prompted mainly by a dispute within the governing party, although then it was Labour.

Second, there is no certainty that there will actually be a referendum. In order for one to be held, the Conservatives will need to win an outright majority at the 2015 general election. However, they have not been doing well in the polls and, ironically, their chances of winning have been diminished by the rise of the UK Independence Party (UKIP), the one political party that is most in favour of a British exit.

Finally, even if a referendum is held there is no certainty that it will result in support for leaving. One of the effects of Cameron's announcement has been to encourage a more active debate about the implications of a Brexit, and polls show that public opinion is wavering: where most surveys in 2013 found that more people would vote to leave than to stay, during 2014 they have so far found more people voting to stay than to leave. On few occasions has there been majority support for either option, making the "don't knows" a critical element in the outcome.

### Negotiating the Terms of an Exit

Let us assume, for the sake of argument, that a referendum is held which results in a decision to leave. The effects would be twofold.

First, there would need to be a formal renegotiation of the details of the legal agreements reached by the UK as a member, some of them dating back to the terms of its 1973 accession to the European Economic Community (EEC). While no doubt a long list of such agreements could be established and reviewed, it would be far from complete; membership of the EU has involved a large number of changes to domestic law that would be hard to identify and even harder to undo.

We do even not know for certain how many domestic laws have been impacted by the requirements of EU membership. Critics of the EU place the number as high as 80 per cent, but a more considered assessment in 2010 by the House of Commons Library concluded that it was closer to 7 per cent. The report also noted that there was no totally accurate, rational or useful way of calculating the percentage of national laws based on or influenced by the EU, mainly because EU and national databases are not reliable, and differentiating between EU-generated and nationally generated changes to the law is not easy.

Even assuming that we could identify all the domestic laws impacted by EU law, there is no certainty that political agreement could be reached to revise them all. Britons have absorbed a large number of changes arising from EU

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law and policy, and from judgments of the European Court of Justice. Many of those changes have been welcome and positive, and many Britons would doubtless be dismayed at how many would need to be reversed in order to expunge the EU element from British law, and winning the necessary political support would be hard.

The second part of a withdrawal would include numerous economic and political changes that would be harder to quantify and address. Proving the benefits of membership is hard enough because of the difficulties of trying to imagine what Britain would look like today had it never joined what was then the EEC. We can refer to the examples of countries such as Norway and Switzerland that never joined. But to what extent can the different trajectories of these two countries be explained by domestic factors and to what extent can they be explained by their decisions not to join the EEC/EU?

## **The Effects of an Exit**

On one point there is near universal agreement; Britain outside the EU would be unable to resist the gravitational economic and political pull of living next to the wealthiest marketplace in the world. And just like Norway and Switzerland, it would find itself compelled to adjust to EU law and policy without having any say over the shaping of that law or policy.

On another point there is also broad agreement; Britain would lose most of its present-day attractions for foreign companies seeking a toehold in the EU. It seems quite likely that many US, Japanese and Chinese companies would scale back or avoid investing in a UK that was not part of the EU, instead turning to countries that were inside the EU and thus enjoying the benefits brought by free movement of capital, people, goods and services with its neighbours.

It is also clear that Britain outside the EU would have a far quieter voice in global affairs than it has today. As it is, the EU routinely plays second fiddle to the United States on international security matters. However, Britain, as a member of a club of more than half a billion people, will always have a louder voice in the world than if it tries to go it alone. And anyone who believes that it can fall back on its 'special relationship' with the United States is deluding only themselves. The US will be much less interested in Britain if it leaves the EU.

The other aspect of a British exit concerns what it might mean for other members of the EU, and for the future of the EU itself. Britain may have a reputation as a reluctant member of the EU, but its absence would be deeply felt. It has made major contributions to the process of European integration, particularly as a champion of the European single market, as a leader in efforts to enlarge the EU, and as a key voice in the external relations of the EU. It has also been something of a counterweight to the role of Germany and France in the EU, which smaller member states have often appreciated.

More broadly, by showing that members can actually leave the club, a British exit might prompt others to follow suit. Euroscepticism is far from unique to Britain, as we have seen with the rise of anti-EU political parties in France, the Netherlands, Italy, Finland, and elsewhere. Although these parties are mainly united by their opposition to immigration, it is not impossible that a Brexit would give voters in some of these countries the courage to push for their own exits.

The result of other countries leaving would be troubling questions about the entire exercise of integration, and the possible reduction of the EU to a rump of the most committed members, with reduced opportunities for free trade and a quieter voice in the world.

## **How Much Do British Voters Know About the EU?**

But the prospective referendum is not simply a matter of whether Britain stays or leaves. We also need to ask ourselves how well prepared British voters are to make such a decision in the first place. If polls and history are any guide, they would be poorly prepared, and many of them will be cajoled into making a choice with implications not fully understood.

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For many years now, surveys undertaken biannually by Eurobarometer, the EU's polling service, have been asking Europeans if they understand the work of the EU. Only about a half of them feel they can make such a claim, with the British consistently ranking towards the lower end of the league.

Indeed, so few Britons understand the EU that a 2013 report by the UK Electoral Commission regarding the proposed question on the referendum ('Do you think that the United Kingdom should be a member of the European Union?') suggested that it be changed. Why? Because it could confuse those voters who did not know that the UK was *already* a member.

History has shown that when the voters of EU member states such as Ireland, France, and the Netherlands have been given the opportunity of a referendum, they will often make their choice less on the question at hand than on the basis of their opinion of the government of the day.

Offering the British people a referendum on UK membership of the EU may seem like a noble exercise in democracy, but we will have much cause to wonder about the implications. Will it really be an exercise in democracy, or just an effort to resolve a squabble within the Conservative party? Have we fully thought through the implications of an exit? Will the outcome be based on a real public understanding of the pros and cons of EU membership, or just a measure of what Britons feel about the state of their country? And if Britain votes to leave, how confident can we be that it did so for the right reasons?

There are many reasons to question the merits of a referendum, and many reasons to worry about the prospects of Britain leaving the EU.

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## About the author:

**John McCormick** is Jean Monnet Professor of European Union Politics at the Indianapolis campus of Indiana University. He has published extensively on the politics of the EU, his most recent book being *Why Europe Matters: The Case for the European Union*.