

BREXIT BRIEF



Brexit Brief Issue 07: June 2016



Introduction

Brexit Brief, published by the IIEA's UK Project Group, covers developments in the on-going debate in the United Kingdom – and between the UK and the other EU Member States – on the UK's negotiations over its membership of the Union.

The Brief seeks to provide up-to-date information on the progress and content of the UK re-negotiation and on relevant statements and policy positions – of key individual players, EU institutions, national governments, political parties, business interests and civil society actors.

The Brief is part of a wider communications programme covering the work of the IIEA's UK Project Group – involving commentaries, speeches, texts and event reports – which will be highlighted on the Institute [website](#) and the [Brexit microsite](#).

Section One: Brexit State of Play

With less than three weeks to go before polling day, the UK referendum campaign is in full swing, with the leading figures on both sides travelling across the country to deliver their message to the electorate, and political broadcasts daily on every radio and television station. Poster campaigns and media coverage are increasing significantly. Interventions by political 'heavyweights' on both sides – Gordon Brown, Michael Howard and others – have received much media attention.

The unpredictability of the referendum result was underlined by a Guardian / ICM poll on 1 June, which recorded an unexpected 52-48 advantage for the Leave side. When excluding undecided voters, the lead was identical across both phone and internet polling. The

result represents something of a reversal: opinion polling throughout April and May had shown a consistent increase in support for the 'Remain' option, with the *Financial Times* 'Poll of Polls' reporting a steady lead of 46% for Remain and 43% for Leave. ICM Director, Martin Boon, said the new poll "rather unhinges a few accepted orthodoxies."

Meanwhile, the implications of a Brexit have been addressed by reports and commentary from a growing list of international and British organisations, including: the [OECD](#), [World Trade Organisation](#), [Institute for Fiscal Studies](#), the UK's [National Institute for Economic and Social Research](#), and the [International Monetary Fund](#) (the IMF has indicated that its final report on the consequences of Brexit will be released one week before the UK referendum). All of the organisations have highlighted negative consequences for the UK economy in the event of a Brexit.

Finally, on Friday 27 May the UK Government entered the official "Purdah" period, which will last for four weeks until the vote on 23 June. Purdah prohibits the UK Government from making any announcements about new or controversial initiatives or laws that could sway the outcome of a vote. Civil servants are also prohibited from involvement in any aspect of the referendum campaign during working hours.

Section Two: The Evolving Debate

On the BBC's *Andrew Marr Show* on 8 May, the Vote Leave campaign leader, Justice Secretary **Michael Gove** stated that a vote to leave the EU is also a vote to leave the Single Market. Mr. Gove argued that the EU was on an inevitable path towards deeper integration, to

which the UK should not be a party. He said that, post-Brexit, Britain “should be outside the single market but have access to it,” and added that in this scenario “the UK would no longer be bound by EU regulation, legal judgements and free movement rules.”

His position was interpreted as a claim that the UK could have the best of both worlds by being outside the EU’s Single Market. However, under current EU rules, it is clear that full Single Market access, of the type the UK currently enjoys, can only be provided in exchange for an acceptance of Single Market regulations – which the UK would be unable to influence from outside the EU – as well as the four freedoms, including free movement of labour.

Michael Gove’s argument is central to the whole debate on UK membership. As Martin Wolf [has remarked](#) in the *Financial Times*: “Those in favour of leaving are looking for options. But they confront a dilemma: the more power over its policies the UK regains, the less favourable the market access it keeps.”

The **UK Treasury** has published a [major analysis](#) of the immediate economic impact of leaving the EU which concludes that a vote to leave the EU would cause an immediate and profound economic shock creating instability and uncertainty: “[...] the effect of this profound shock would be to push the UK into recession and lead to a sharp rise in unemployment.” The Vote Leave campaign has inevitably taken issue with the Treasury findings and continues to make the argument that a Brexit will give the UK freedom from the constraints of the EU system and opportunities to trade freely in Europe and beyond.

Both sides of the campaign have introduced issues of questionable relevance. Boris Johnson’s [evocation of Adolf Hitler](#) as a forerunner of the EU project provoked criticism, from [Donald Tusk](#), who accused Mr. Johnson of ‘political amnesia’. David Cameron’s argument that a Brexit [threatened peace in Europe](#) was likewise criticised. The First Minister of Scotland, Nicola Sturgeon, has called on both sides to avoid exaggerated arguments and fear tactics and insisted that the Remain case should be made on the basis of the positive arguments for EU membership and engagement.

Business opinion continues to be divided, though the Remain camp appears to have the advantage. Paul Drechsler, President of the CBI, said he was unequivocal about the need to stay in the EU and accused the Leave side of having no plan for a post-Brexit world: “In two years the Brexit camp had not come up with one credible piece of research that demonstrates what an alternative might look like. There’s no Plan B.” On the other side,

a recent survey by the British Chambers of Commerce showed the Leave camp gaining support among business, with the proportion of those favouring Brexit up from 30 per cent in January-February to 37 per cent in April, while those backing remain slid from 60 per cent to 54 per cent. A [letter in the Telegraph](#) on 18 May signed by more than 300 business figures called for Britain to leave the EU, arguing that EU membership undermined the country’s competitiveness.

The debate in **Ireland**, meanwhile, has intensified. On 21 April 2016, **Dáil Éireann** held a [comprehensive debate](#) on EU-UK Relations based on a major policy statement by Taoiseach Enda Kenny, Mr Kenny emphasised that Ireland will remain a member of the EU irrespective of the referendum result and that Ireland wanted the UK to remain part of the European Union “and to work with us to make it better.” He stressed the Government’s concern about the implications of proposed changes in UK welfare measures should the Remain side win. More than thirty TDs participated in the debate.

The debate in **Northern Ireland** has continued. The Northern Ireland Affairs Committee of the UK House of Commons has released its report into the implications of a Brexit for Northern Ireland. The report, for which the IIEA provided oral and written evidence, flagged the potential negative impact of a Brexit on the Northern Irish economy, noting the possible impacts on agriculture and FDI. The Committee also raised concerns about the future of the border, saying that imposing stricter controls would be “undesirable” and would cause difficulties for the 30,000 commuters who cross the border every day.

More than 600 people attended a debate at Queen’s University organised by the University, the Nevin Economic Research Institute and the ESRI. The Nevin Institute published a Working Paper on the economic implications of Brexit for Northern Ireland which concluded that the province is likely to be the region most affected by a UK exit. The Royal United Services Institute has argued that the negative consequences of leaving the EU are so severe for Northern Ireland that it could become “a major political, security and economic crisis for future governments in London.”

Meanwhile, the all-Ireland Irish Council of Churches has released its position on Brexit, arguing that “it is best that we pursue a common future in peace, collaboration and unity.” The ICC drew attention to the fact that the 1998 Belfast (Good Friday) Agreement is predicated on both Ireland and the United Kingdom being members of the European Union and that the EU has contributed substantially to the facilitation of the peace process.

Section Three: Relevant Research and Events

Upcoming events

The Brexit Debate – EU Integration or Disintegration?

Date: Thursday, 9 June 2016 from 6p.m. – 7.30p.m.

Location: JM Synge Theatre, Room 2039, Arts Building, Trinity College Dublin

Speakers at this Trinity College Dublin debate will include Mr Francis Jacobs, former Head of the European Parliament Information Office in Ireland; Prof. John O’Hagan, Department of Economics, TCD; Prof. Will Phelan, Department of Political Science; and Prof. Michael Wycherley, Department of Economics, TCD. For more information, and to register to attend, please visit the event [webpage](#).

IIEA and European Parliament Seminar - Britain’s EU Decision: What will it mean for Ireland?

Date: Friday, 10 June 2016 from 10.00a.m. – 1.00p.m.

Location: Crowne Plaza Hotel, Dundalk

This IIEA and European Parliament seminar will analyse the political and social implications of the UK’s vote for Ireland, North and South, and will examine the potential impact on key sectors, including agriculture, trade and investment, and the all-island energy market. Participants include: Mairéad McGuinness, MEP; Matt Carthy, MEP; Dr. Anthony Soares, Director of the Centre for Cross Border Studies; Tom Arnold, Director General of the IIEA; and Edgar Morgenroth, Research Professor at the ESRI

This event is open to the public and attendance is free. If you wish to attend, please send an email to reception@iiea.com indicating that you wish to attend the [UK SEMINAR].

Exploring the Aftermath of the UK Referendum on European Union Membership: A Public Discussion

Date: Thursday, 30 June 2016 at 2p.m.

Location: The Royal Irish Academy

This event takes place one week after the UK public goes to the polls in a referendum which, irrespective of the outcome, will be a landmark moment in UK and European history. Speakers will consider the significance of the result and will explore what the vote means for Ireland, for the UK’s devolved parliaments, for the British

party system, and for the future of the EU. This event is free and open to the public, however you must register in advance via the [Eventbrite page](#).

Recent events

IIEA and McCann FitzGerald Conference – Brexit: A Risky Business?

The IIEA and McCann FitzGerald Conference – ‘Brexit: A Risky Business?’, supported by McCann FitzGerald, was attended by over 200 participants at the Aviva Stadium on 19 May 2016. The conference featured keynote addresses by Minister of Foreign Affairs and Trade, Charlie Flanagan; IIEA Chairman, Brendan Halligan; and Former European Commissioner, Peter Sutherland. Podcasts, videos and transcripts can be found on the [conference website](#).

Institute of Directors – Thought Leadership Conference

On 19 May, an Institute of Directors event was addressed by Philippe Legrain of the London School of Economics. A full transcript of Prof. Legrain’s address can be found [here](#).

Recent Research

Brexit: What Happens Next?, by Professor Gavin Barrett

On 23 June 2016, the British public will be presented with a choice to leave the European Union or remain as members. In the event of a Leave vote, what will happen next for the UK and the EU is unclear. In this new IIEA publication, Professor Gavin Barrett presents some observations on the EU withdrawal process described in Article 50 of the Treaty of Lisbon. The paper can be downloaded from the [IIEA website](#).

Brexit: Ireland-UK Implications. A Legal Perspective, McCann FitzGerald

McCann FitzGerald, sponsors of the IIEA Conference, published a major report in April — covering more than a dozen policy areas in terms of possible changes to the legal and regulatory environment in the event of Brexit. An extract can be found [here](#).

The impact of a possible Brexit on Irish business, IBEC

This significant report on the referendum question was published by IBEC on 11 April. The report strongly supports the UK's continued membership of the EU, and highlights a number of areas in which Irish interests would suffer in the event of a Brexit. It can be downloaded from [here](#).

Challenge Europe: Britain and Europe – a new settlement?, European Policy Centre (Various Authors)

Fourteen leading commentators discuss Britain's future, and engagement, in Europe in the context of continued membership of the European Union. The paper can be downloaded from [here](#).

Section Four: Background Material and Further Reading

Background

The Electoral Commission The 2016 EU Referendum Voting Guide, May 2016. (www.aboutmyvote.co.uk)

House of Commons. Liaison Committee. Oral Evidence: Evidence from the Prime Minister, 4 May 2016. (www.parliament.uk/business/commons)

House of Commons. European Scrutiny Committee. The UK renegotiation package. (www.publications.parliament.uk)

House of Lords. European Union Committee. The Process of withdrawing from the European Union. 11th Report of Session 2015-16. (www.parliament.uk/business/lords)

HM Government Rights and Obligations of European Union membership, April 2016. (www.gov.uk/government/publications).

HM Treasury HM Treasury analysis: the immediate economic impact of leaving the EU. Cm9292, Mat 2016. (www.gov.uk/government/publications).

IBEC The impact of a possible Brexit on Irish business. (www.ibec.ie)

McCann Fitzgerald Brexit Issue Two. Ireland-UK Implications: A Legal Perspective, April 2016. (www.mccannfitzgerald.com)

NERI The Economic Implications of BREXIT for Northern Ireland. NERI WP 2016 /No 35. (www.NERIInstitute.net)

EU Law Analysis. Article 50 TEU: The uses and abuses of the process of withdrawing from the EU. (www.eulawanalysis.blogspot.ie)

Centre for European Reform. The Seven Blunders: Why Brexit would be harder than Brexiters think. CER, 28 April 2016. (www.cer.org)

European Policy Centre. Challenge Europe. Britain and

Europe: A New settlement? (www.epc.eu)

Michael Gove 'It's time to take back control.' BBC Interview, 19 April 2016. (www.theguardian.com)

Michael Heseltine. Interview: 'The Brexiters have swallowed their own propaganda.' New Statesman, 27 April 2016. (www.newstatesman.com)

Governor Mark Carney. Letter to Chairman of House of Commons Treasury Select Committee, 7 March 2016. (www.bankofengland.co.uk)

John Fitzgerald 'State must be poised to protect national interests...' Irish Times, 4 May 2016. (www.irishtimes.com)

IAI Rome 'Brexit or No Brexit?' IAI Working Papers 16/07, March 2016. Istituto Affari Internazionali IAI, Rome. (www.iai.it)

Blair Horan 'Polls indicate outcome of UK referendum on the EU too close to call – Brexit is a real possibility.' (www.progressive-economy@tasc)

Charter Group Brexit and Borders: The implications for customs and passport controls. May 2016. (www.thechartergroup.ie)

Gavin Barrett Brexit: What Happens Next? IIEA, May 2016. (www.iiea.com)

Brendan Halligan 'Setting the Scene' IIEA Conference 'Brexit – A Risky Business', 19 May 2016. (www.iiea.com)

IIEA 'Brexit: The Day After.' Brief for IIEA/McCann Fitzgerald Conference 'Brexit: A Risky Business', 19 May 2016. (www.iiea.com)

Philippe Legrain Speech at Institute of Directors Conference, Dublin, 19 May 2016. (www.iodireland.ie)

Lord Michael Howard Speech to the Confederation of British Industry, 18 May 2016. (www.voteleavetakecontrol.org)

Irish Council of Churches The Irish Churches and the EU Referendum: A Discussion Paper, May 2016. (www.irihchurches.org)

European Council on Foreign Relations ECFR One Hundred Years of British Solitude. ECFR Essay, May 2016. (www.ecfr.eu)

Fondation Robert Schuman Policy Paper: 'Should the UK Withdraw from the EU: Legal Aspects and Effects of Possible Options.' European Issues No.355, 5 May 2015. (www.robert-schuman.eu)

Edward Burke 'The Looming Danger of an Ulster Brexit'. Royal United Services Institute, April 2016. (www.rusi.org/ni-brexit-jnl2016.pdf)

Further Reading

Michael Emerson Britain's Future in Europe: The Known Plan A to Remain or the Unknown Plan B to Leave. Centre for European Policy Studies (CEPS)

Yanis Varoufakis And the Weak Suffer What they Must? Europe, Austerity and the Threat to Global Stability. London, The Bodley Head.

Zygmunt Bauman Europe: An Unfinished Adventure. Cambridge, Polity Press.

Giles Merritt Slippery Slope. Europe's Troubled Future. Oxford University Press.

Jurgen Habermas The Crisis of the European Union. A Response. Cambridge, Polity Press.

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