

THE
AMBASSADOR
PARTNERSHIP

June 2016



Dr Peter Collecott CMG reports on the EU Referendum

The EU Referendum is now only a week away. However, the great British public is barely enthused, and possibly just wishing the whole show was over.

It is, indeed, easy to be critical of our politicians for holding such a referendum for domestic reasons; and to be dismissive of the quality of the debate so far, with leaders of the Remain and Leave camps throwing statistics, allegations and historical pseudo-analogies at each other, only to be immediately dismissed by the other side. Serious debate is being replaced by increasingly acrimonious exchanges between senior Tories on each side. Whatever the result of the Referendum, the current British Government will be destabilised, and “business as usual” will be difficult to resume.

However, the result of the Referendum really does matter for the UK, however compromised the Referendum’s origins and conduct may be.

There is room for legitimate debate over the immediate effects of a decision to leave the EU. Personally, I think they will be pretty dire: a serious increase in uncertainty, leading to a fall in Sterling and a loss of purchasing power, and a permanent loss of foreign investment. There will also be perverse effects: the number of EU immigrants is likely to rise – getting in before the gate comes down.

However, it is the long term effects of a vote to leave the EU that really concern me. Firstly, this would not be a velvet divorce. It might be couched in civilised language, but at the end of the two year negotiating period the UK would have to accept what was on the table. In private, other EU Governments are fed up with the UK. They would not be generous, for fear of encouraging others to think of leaving; and they will pursue their own interests as 27. Part of this would be to ensure that as much as possible of the City’s financial services industry migrates to Paris and Frankfurt over the years to come. The safeguards for the City negotiated by David Cameron would have fallen away with the Referendum vote.

Secondly, the EU would then develop into a more federal union, with the Euro-Group dominating; and, over time, the EU might well become less liberal and more protectionist. Neither would be in the UK interest. There is much wrong with the EU. However, by leaving the EU we would not reduce the importance of the EU for the UK; nor would we be gaining more room for the exercise of national sovereignty – unless we are prepared to sit outside the Single Market, which would not be wise. We would be merely giving up the chance of influencing and, if necessary, restraining the development of the EU and its policies. As we found in the 1950s, a free trade arrangement with the rest of Europe is not good enough – so we joined an EEC fashioned by others, and have been on the back foot ever since. The

THE
AMBASSADOR
PARTNERSHIP

real lesson of history is that every time we try to isolate ourselves from developments on the European continent, we are later forced to intervene in one way or another to protect our interests.

This is not just about economic and trade interests. We need closer cooperation with our European neighbours to address issues such as the migrant crisis, terrorism, climate change, as well as the existential question of maintaining the influence and values of our Western civilisation in the face of the massive shifts in the tectonic plates of global power being wrought by globalisation. This is best done within a European structure. The best one we are likely to have is the EU. Last, but not least, we have to show resolve towards an assertive Russia which has proved it does not play by accepted rules. NATO is the security bedrock for this; but economic power, and hence the EU, also matters hugely. Not for nothing does Putin support the UK leaving the EU.

Secondly, the UK leaving the EU would mean that the UK would break up. It would be impossible to deny Scotland a further referendum on independence, and the Scots would almost certainly vote to leave the UK and stay in the EU as an independent nation.

Thirdly, the UK would find itself not only diminished in size, but diminished in its ability to pursue UK interests internationally. I have no illusions about the nature of our relationship with the US. However, it does matter, and our usefulness to the Americans and our influence in Washington would diminish rapidly outside the EU. The US wants an effective EU, not necessarily a federal one; and they want the UK to be part of that.

Finally, I worry about the effects of the Referendum and a decision to leave the EU on our society. There is an internationalist, entrepreneurial, free-trade element within the Leave campaign. However, there is also a worryingly mean-spirited and isolationist element, wanting to pull up the drawbridge, enjoy being “Little Englanders”, and to deny our responsibilities to others. This exploits the insecurities and resentments in our society – just as Donald Trump is doing in the US. The issues need addressing seriously – not pandering to, at the expense of huge damage to the UK itself, to British interests internationally, and to the kind of society we all want to live in – one which is successful, just, open and generous.

For further information please contact:

Caroline de Lisle

Business Development Manager

Caroline.delisle@ambassadorllp.com