



UNIVERSITY OF
BIRMINGHAM



The UK in Europe: In or Out?

ESRC UK in a Changing Europe Seminar Series: Birmingham

Birmingham Central Library

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REPORT ON EVENT

EVENT OVERVIEW

The United Kingdom faces a momentous decision, whether to leave or to remain in the European Union. Voters, who will soon be asked to settle the matter in a referendum, are looking for more information and impartial analysis. At this Q&A event, we discussed the issues at stake with the help of a panel of academic specialists.

Among the matters we covered:

- The impact of the EU on the economy and jobs
- Immigration
- National sovereignty and the political implications of Europe

PANEL (L-R)

Professor John Fender (University of Birmingham)

Professor Michael Keating (University of Aberdeen)

Dr Isabelle Hertner (University of Birmingham) (Chair)

Lawrence Brewer (Vice-chairman of European Movement, Midlands)

Amanda Gearing (GMB, West Midlands)



INTRODUCTORY REMARKS

ISABELLE HERTNER opened by welcoming the audience and emphasising the importance of the forthcoming referendum. As a German and European citizen, she mentioned that she was not permitted to vote in the referendum, but would be taking a close interest in the outcome. Making introductions, she pointed out the expertise of the panel in different areas, and that the event itself would be less of a debate between remain and leave politicians but more of a nuanced consideration of the issues at stake in the referendum.

AMANDA GEARING outlined that her perspective would be that of the GMB and the trade union movement overall, and that the GMB, the TUC and most trade unions were actively campaigning to remain.

“We at GMB know that the EU is not perfect, so we’re calling out campaign the ‘angry remain’ campaign. We want to see changes: changes to the commission to democratise it and changes to make funding more transparent.

A lot of the benefits that we get from the EU are probably not quantifiable: in the UK, we don’t do much of our own manufacturing, our utilities are owned by foreign-based companies (Iberola) and our public services are predominantly provided by foreign contractors.

I have three points to make:

- Human Rights: the treaty gives us so much. The GMB applied for EU funding to assist in dealing with domestic abuse, which was granted through
- Health and Safety: Nearly all of our health and safety legislation since 1984 has come from the EU.
- Worker’s Rights: Rights to holidays, working time directives – all come from the EU.

In addition, migrant workers contribute considerably to the care sector in the UK, which we require. The EU is about much more than the market.”

JOHN FENDER declared he was talking as a ‘professional economist’ and hoped only that Britain would take the right decision on June 23rd:

“I think the main way in which our prosperity is affected by the EU is with regard to trade:

Comparative advantage is a key economics term – that by specialising in trading, we can all make ourselves more prosperous (Portugal making wine versus England making cloth, then trading). This is one aspect of trade.

A second is the idea of ‘economies of scale’, and even with 64 million of a population, the UK might not be the best suited to exploit the economy of scale in particular industries.

A third is the differential between companies themselves – some firms are more productive than others, and as a market expands, the productive firms can become more productive through expansion while those that are not as productive have to adapt or remove themselves from the market.

How would leaving the EU affect our trading relationships? Well, I think what we have at the moment is generally pretty good. We have access to 500million+ people within the EU, plus around 53 ‘preferential’ trade agreements which the EU has with the rest of the world. To gain access to this, we pay around £8.5billion (net contribution to EU) which can be considered a “membership fee” – around £130 per person per year.

6 ways we’d be worse off if Brexit occurs:

- We’d lose whatever influence we have over the regulations on the single market.
- Our trade relationship with the EU would have to be negotiated post-Brexit, and is likely to be less substantial than our current ‘deal’ with the EU.
- Trading relationships *beyond* the EU (with the EU’s preferential trade partners) would be affected. We couldn’t begin to negotiate those until *after* we leave the EU, and trade negotiations do take a long time – there would be a period of time post-Brexit where we would have NO trade agreements.
- Certificates of Origins and Customs checks would be required to be re-introduced.
- There would be significant transitional costs in the event of Brexit
- Uncertainty over future investment.

LAWRENCE BREWER established his position as an unashamed Europhile.

“The EU was established to secure peace. The question is how do we achieve it? I believe there are five ways:

- Democracy – Previously, many Eastern European states – and indeed some in Western Europe – were not democratic. The rules of the club mean that to join the EU, members must have democratic institutions in place.
- Justice – The EU spells out how we as individuals and our personal relationships with the law stands.
- Cost-effectiveness – The UK government’s expenditure this year will be £750bn, so we spend £8.5bn on the EU, which seems rather low comparatively.
- The free movement of goods – I have a postgraduate degree in export. I worked in whisky exporting for a long time, just as the EU was getting started. The regulations in different countries were all different: Greece needed lighter bottles because you paid tax on the weight; Spain needed whisky that was 2 years older than anywhere else, Germany had different bottle sizes. Subsequently, an EU directive was brought in which equalised all regulations. As a result, things were much easier for exporting. Now the French drink more whisky in a month than they drink cognac in a year – suggesting a huge success for exports.
- Free movement of people – In 2005, we had a good economy and we needed more people to do the work. We allowed Poles and Czechs and many new Eastern European members to move here and work here. Many industries that we have would simply fall apart without them.

MICHAEL KEATING I’m not here to take one side or the other, but to provide analysis of the issues.

“If you look at public opinion, it looks like 3 issues are dominant. One is the economic issue – which we’ve heard lots about already. The campaigns – on both sides – are propagating a lot of myths at the moment. The second is about migration. This has gotten a bit mixed up with the broader question of immigration and about the refugee crisis. And it is really about the free movement of people to take jobs in other member states. Third is the question of sovereignty.

David Cameron’s negotiations attempted to reconcile these principles, but it appeared to be impossible. So they focused on the single market, and maintaining it. This split the leave campaign – some wanted to stay in the market, but not be part of the EU, while others wanted out entirely. In order to maintain the single market, you’ve got to have institutions, which means sharing or pooling a level of sovereignty (through qualified majority voting – something which was originally agreed by Margaret Thatcher). And if you have a single market, it really means that regulations should be harmonised across the EU.

In 1975, we had a referendum on EU membership, which has been historically mis-remembered as a referendum about an economic deal. It wasn’t, it was about the whole idea of politics and economics in Europe.

What is the alternative? Well, there is one. Pull out of the single market, act as a free trade state in the global market. It'd require a change in our economy, but it is possible.

QUESTION AND ANSWER SESSION

1) QUESTION: ONE THE DAY WE VOTE FOR BREXIT, WHAT WILL BE THE REACTION OF THE MARKETS, STOCKBROKERS, FOREIGN DIRECT INVESTMENT, ETC?

JOHN FENDER – I can't make an unconditional comment on this, but I'd predict that if there is a Brexit vote, the markets and currency would fall; but in contrast if it is a vote to remain, I'd expect them to rise.

LAWRENCE BREWER – If we leave the EU, it is not going to make life easier for businesses for sure. It'd reduce relationships.

2) QUESTION – ON THE ISSUE OF DEMOCRACY: HOW DO YOU ENHANCE *DEMOCRACY* IN THE EU GOING FORWARD?

JOHN FENDER – The Prime Minister would almost certainly resign if there is a vote for Brexit, which means a Conservative leadership contest, which means a delay in our position with regard to Europe. Which points to a limited understanding of democracy in the UK, never mind the EU!

LAWRENCE BREWER – Let's have a little comparator: who is the head of the EU – Mr Junckner. Who is the head of the British Civil Service? Mr Heywood. How are they both in those positions? Heywood is appointed, but Junckner is *elected* by the European Parliament. In that sense, the EU is possibly more democratic!

MICHAEL KEATING – I think there is a democratic deficit in the EU, just as there is in Westminster. Junckner is not the equivalent of Heywood at all, and neither is the Commission the equivalent of an executive. I'd say that this is definitely a factor which is relevant in the debate, and one which needs addressed in the future at the EU level. There is also a question of transparency and accountability, since the institutions and politicians appear to be distant from local populations – how can they see who is responsible for what?

3) QUESTION – WHAT ABOUT SECURITY? IT WASN'T REALLY MENTIONED TONIGHT?

MICHAEL KEATING – I think it is highly irresponsible of either side to make comments about security if the result goes the opposite way to their preference. Different arrangements with regard to security will be made whatever the outcome of the vote.

AMANDA GEARING - I don't know enough about security to know the answer to this, but it might well have an impact on how we are viewed as a target.

4) QUESTION – MY POLITICS COME UP AGAINST MY VIEWS ON DEMOCRACY IN THE EU REFERENDUM, AND ON THE ISSUE OF DEMOCRACY, IT IS DIFFICULT TO DEFEND THE EU. QUESTION IS, DOES THE EU ONLY WORK BECAUSE IT IS NOT DEMOCRATIC?

AMANDA GEARING – I work for a democratic organisation, and it works well, and I think we absolutely should have that at EU level – I don't see how the same kind of system which works for all kinds of organisation should be so difficult for the EU to address.

5) QUESTION – IRELAND, FRANCE AND THE NETHERLANDS HAVE ALL VOTED AGAINST ISSUES IN A REFERENDUM, BUT WERE ASKED TO VOTE AGAIN. ISN'T THIS MORE OF A DEMOCRATIC DEFICIT?

6) QUESTION – I THINK OF GREECE, UNEMPLOYMENT IN SPAIN, THE COLLAPSE OF THE EURO. I THINK THAT THE PANEL COULD HAVE BEEN MORE BALANCED.

JOHN FENDER – I think that economists are generally around 90% in favour of remain, so it is difficult to find economists who are pro-Brexit. But the Euro is a disaster for sure. The question I addressed is whether I think we are better off within the EU.

AMANDA GEARING – I'm arguing from the point of view of workers, and I think that there are many issues in the way that workers' rights have been developed within the EU that are beneficial to workers.

LAWRENCE BREWER – I don't agree that the Euro is entirely a disaster. Indeed, I think from a business point of view, it would have been useful for us to have been in it – the benefits of harmonisation are very good for business.

MICHAEL KEATING – I think the EU has significant problems for sure: the Eurozone, security, migration. That's why we're having a referendum – I think we should have more options to choose from in the referendum, but that's what we've got. You can't reform it from the outside, but equally if you think it is beyond reform then perhaps being outside is a better option.

7) QUESTION – IT SEEMS TO ME THAT THE SAME ARGUMENTS ABOUT HARMONISATION OF THE SINGLE MARKET COULD BE MADE ABOUT THE EURO, AND THAT IT HAS PROVED THAT WE SHOULD NOT HARMONISE ACROSS THE EU?

JOHN FENDER – I think there are advantages to harmonisation of currency, but they can be outweighed by the restraints on your economy.

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