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Changes in perception of European integration after Brexit

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Keywords: *Brexit; European integration; transatlantic relations*

Abstract

Research background: UK rejects the paradigm of the role and rank of the *security community* and the perception of European integration as *a road of no return*. Economic and legal study allows to assess the reasoning of Brexit and future regime of EU-UK relations.

Purpose of the article: To assess changes in perception of European integration due to Brexit and to determine its geopolitical and geo-economic consequences. The reasons of such purpose: the evolving structure of the UK, persistent trends of separatism in the UK, geographical differences in attitudes of UK citizens to Brexit.

Methodology/Methods: The research is an interdisciplinary economic and law study. The authors use: economic and legal methods applicable to the research. Conclusions are formulated on the basis of the synthesis of the results and approximations.

Findings: Brexit changes the perception and attractiveness of European integration. Weakening of Britain's ties with EU Members will have a significant impact on the strength of European identity. Brexit will weaken the European pillar of Atlantic Alliance. Brexit will be a factor of permanent disintegration of UK.

Introduction

In a referendum on the UK's membership of the European Union held on 23 June 2016 there were 51.9% votes to leave the EU and 48.1% to remain in it (turnout was 72.2%). Although the referendum was not formally bind-

ing, the government decided on withdrawal from the EU. The decision was based on authorisation by an Act of Parliament. The parliaments of Northern Ireland, Scotland and Wales were not consulted on the matter.

The outcome of the referendum was not evenly distributed across the UK. Wales and England voted to leave EU, while voters in Scotland and Northern Ireland preferred to stay in EU. Every local authority area in Scotland voted for ‘Remain’, while every English region (except London and Gibraltar) was for “Leave” (Menon & Fowler, 2016; Goodwin & Heath, 2016).

Table 1. Proportion of the votes on referendum of UK’s membership in EU

	Leave	Remain
England	53.4%	46.6%
Wales	52.5%	47.5%
Scotland	38.0%	62.0%
Northern Ireland	44.2%	55.8%
National result	51.9%	48.1%

Source: Uberoi, E. (2016).

It is the results of the national referendum and regional differences with regard to it that brought us about to research on what changes in the perception of European integration it causes. The implementation of the will of British citizens expressed in June 2015 will have far-reaching and difficult to predict effects in many areas. We focus on changes in the perception of European integration as *a road of no return*. We analyse the legal regime of Brexit and its possible influence on UK’s disintegration. Economic and legal study allows us to assess the reasoning of Brexit and future regime of EU-UK relations.

Method of the research

The research is an interdisciplinary economic and law study. We use: economic methods – quantitative and qualitative analysis of socio-economic indicators related to UK’s membership in EU; legal methods applicable to the research of international institutions using institutional and functional approaches. Conclusions are formulated on the basis of the synthesis of the results and approximations. This interdisciplinary nature of the research is an element of novelty of the research.

Internal perspective of analysis of the effects of Brexit

There are several perspectives of Brexit which can be analyzed. Firstly, from the standpoint of affected entities there may be internal (domestic), European (EU), or international points of view of an analysis. Secondly, the issues that need to be regulated due to Brexit can also be examined (such as for example whether the referendum is the right form of direct democracy).

We limit our analysis to the internal perspective of the UK (we do not deal with other countries' domestic perspectives, European or international ones¹).

The UK "case" is understood as a process which led to the national referendum on the UK's membership of the EU. The main personalised actors of this process (i.e. politicians, not the society) did not expect the actual outcome of it. Both the politicians/parties calling for a vote in favour of remaining in the EU and those urging to vote against awaited benefits of a referendum resulting in a decision to stay in the EU (more about the politics of Brexit: Jensen & Snaith, 2016). Just the announcement of referendum improved UK membership conditions and secured some significant concessions from EU partners (EU Referendum..., 2016). The referendum was an opportunity to create new social groups, parties and new leaders. It was an attractive perspective for both challengers² and "old" leaders expecting to confirm their position (and, in fact, strengthen it, since the new competitors are less experienced³).

Equally interesting is the issue of UK's legal framework of Brexit and creation of a new British legal order (i.e. preserving/changing the *acquis*). The challenge is to place UK in a new economic and political network of relations in Europe and in the world. Great Britain will be a new state in international economic relations that has to create a new legal framework (e.g. of bilateral agreements) which will replace the current EU policies.

The scale of challenges is difficult to imagine, because the British expectations may be far greater than the possibilities, and the "Norwegian

¹ From the EU point of view, both future relations with UK and the impact of Brexit on the European integration are important. The spectrum of possibilities in the second case is wide: from deepening of integration to disintegration of the EU. Of course, the extreme scenario will not occur.

² Such as B. Johnson (Ministry for Foreign Affairs) whose promotions for years were blocked by a petrified political system.

³ D. Cameron could count on it. His position in both the (conservative) party and nationwide would have strengthened in case of the failure of Brexit. He would become the Prime Minister who not only was successful in renegotiating the terms of the EU membership (like M. Thatcher), but who also respects citizens by asking the public for their opinion.

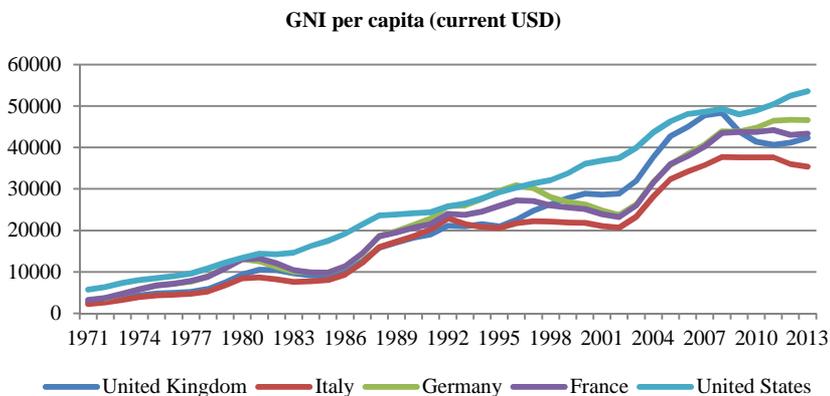
model” is a nebulous one (Honley, 2016). Difficulties arise in political relations too, as the UK will not officially become a new state – it will, for example, continue its status in UNSC as a permanent member– but for many years British policy has been defined and implemented in the EU CFSP formula.

Irrationality of British decision to leave the EU

The referendum campaign of proponents of UK remaining in the EU was based on warnings of economic risks of leaving the EU, rather than the benefits of membership. At the same time, the political and economic situation affected by the financial and refugee crises, as well as the efforts to prevent Greece from leaving Eurozone has created a favourable ground for the populist Eurosceptic campaign (Menon & Fowler, 2016).

Some social indicators (figure 1) show that, contrary to believes popular in Britain, the standard of living in UK has dramatically improved since its accession both in absolute terms, and relative to other EU Member States (MS)⁴. Some indicators also show the advantage of UK results over U.S. Obviously, the EU membership has been just one of the factors that enabled positive changes, but no doubt it has been among the most important ones.

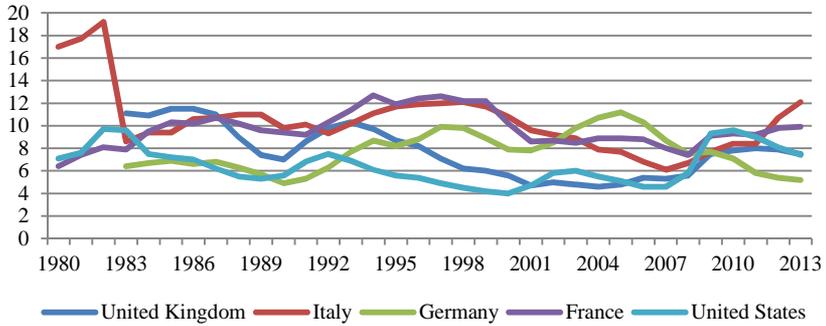
Figure 1. Socio-economic indicators of standard of living in UK compared to selected EU countries and USA



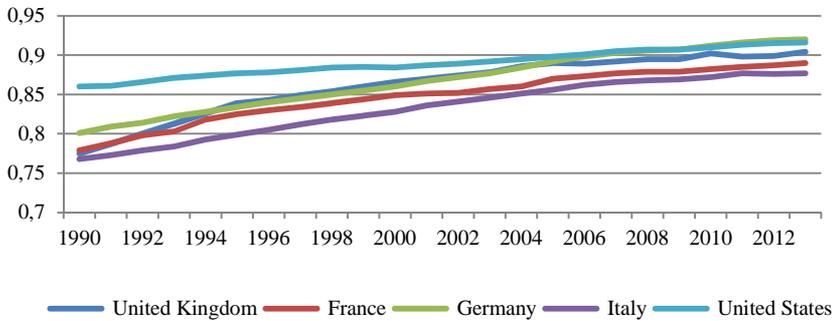
⁴ The sample of countries vary depending on data available, but in general is limited to Germany, France and Italy, i.e. the largest EU MSs.

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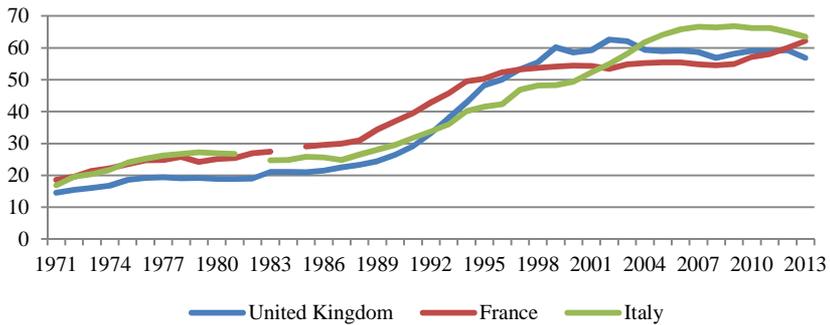
Unemployment (% of total labor force)



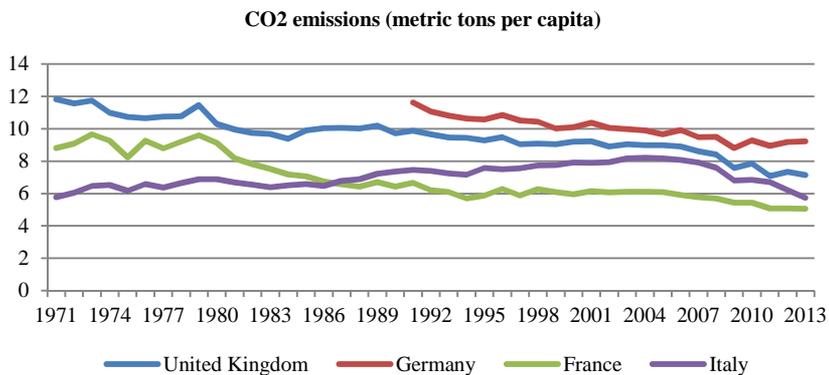
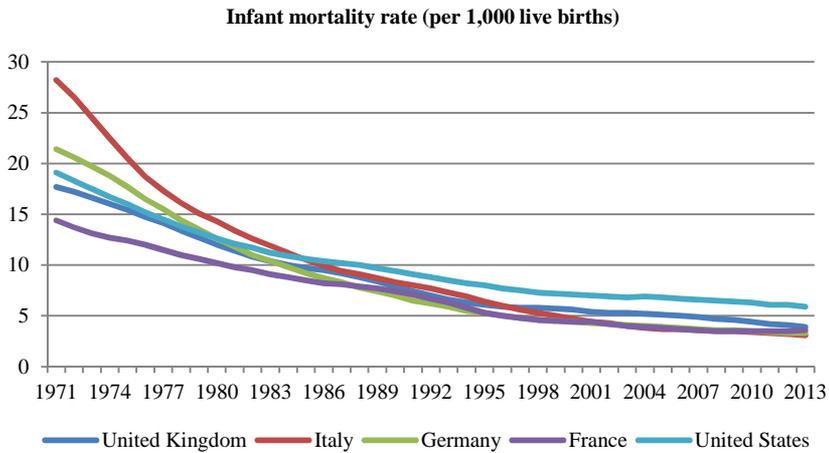
HDI



Tertiary education - gross enrolment ratio (%)



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Source: own calculations based on World Development Indicators. Retrieved from: <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators> (11.02.2017).

The legal basis of leaving the European Union

The decision to leave an organisation should be long-term and – as in case of accessing it – based on striving for sustainable benefits. The decisions to leave either express individual dissatisfaction with the membership of the organization or general, negative evaluation of the organization's activities. Analysis of instances of exits from organisations indicates the overriding value of the political factor of the decision. It also proves that they are ele-

ments of searching for confrontation, not compromise. However, there is no doubt that further membership in the organization may be considered by the state as an undesirable limitation of the choice of strategy or tactics. It should be remembered that the *raison d'État* is guided by the statement: “We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests are our duty to follow”⁵ (Hansard’s Parliamentary Debates).

Nevertheless, countries avoid the decision to exit an organization. Any such a decision is final, and – according to Benjamin Disraeli – *Finality is not the language of politics* (Cohen & M.J., 1973, p. 140)⁶.

In order to reduce the costs of decisions to leave an organisation, the statutes of some of them facilitate the process, e.g. in a situation of dissatisfaction with changing the statute of the organization. However, the statutes often do not regulate the legal framework of the leave. In such a case, the right to leave is confirmed by Art. 56 of Vienna Convention on the Law of Treaties. This solution neither prevents leaving nor controversies related with the whole process. The controversies may be avoided when a termination clause is included in the organization's statute. These clauses most often provide for the mode of termination of an agreement and set a date for the effectiveness of such a statement.

Regulations concerning leaving the EU (its predecessors) were changing. The Treaty of Paris establishing the ECSC did not regulate the issue of leaving the Organization. It was concluded for a period of 50 years (Art. 97). The EEC and Euratom treaties did not mention neither the issue of leaving the Organisations nor the period of their existence (they were concluded for unlimited time).

It has been, rightfully, assumed that membership in the Communities/EU creates such deep connections in all the areas of integration (*point of no return*) that it is difficult imagine – due to costs – a unilateral decision of a MS to leave the Organisation.

In response to the emerging allegations of anti-European politicians that the EU cannot be left, and the quiet fears of “wild” exits, the Treaty on EU introduced a provision of Art. 50 sec. 1 providing for the right of each MS to withdraw from the EU in accordance with its constitutional requirements. It also regulates the mode of departure (sec. 2–4), which is *quasi*-inverse of the accession process. According to this regulations, the procedure commences the notification of the intention of withdrawal by a MS to the European Council. It then provides guidelines for the EU negotiations

⁵ Lord Palmerston’s speech to the House of Commons on 1.03.1848.

⁶ Speech in House of Commons on 28.02.1859.

with that State, “setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union”. The agreement regulating all issues relating to withdrawal is concluded on behalf of the Union by the EU Council, after obtaining the consent of the European Parliament. The actual date of leaving the EU is the date of entry into force of the withdrawal agreement or, if that was not possible, 2 years after the notification, or later if the European Council, in agreement with the MS, unanimously decides to extend this period. If the MS changes its mind and asks to rejoin, its application request is subject to the general procedure of Art. 49 TEU.

On March 29, 2017 The UK Prime Minister has started the legal procedure of UK’s withdrawal by notifying the European Council in accordance with Art. 50. Conclusion of the withdrawal agreement may take a maximum of 2 years. The negotiations may cover legal framework of future relations, so the deadline will be extremely difficult to meet. Difficulties are mounted by the difference in attitudes: the EU side opts for non-combining terms of withdrawal and future trade relations, while the British want simultaneous negotiations on these two matters⁷. Michel Barnier, a former French minister and European Commissioner who is the EU’s chief Brexit negotiator announced the conclusion of the negotiations at maximum 18 months, reserving the remainder for the remaining procedures (Crisp & Tampest, 2016, Barnier, 2016).

Between Brit-in and Br-exit

The UK was admitted to the ECs in 1973. Since EFTA appeared a failure, the UK managed to obtain the French approval for ECs membership. The UK later paid political price for this consent, accepting the unequal status. Franco-British relations in the Communities have never reached deep level of trust and cooperation. The situation was worsened by the fact that the UK was acting in the Communities as a guest who voluntarily joins the party when the main dish is already on the table and decides to change the menu, rearrange the table and change the seating of the guests. The British occupied the main economic and world politics table as a member of the

⁷ “We believe it is necessary to agree the terms of our future partnership alongside those of our withdrawal from the EU”. Prime Minister’s letter to the European Council. Retrieved from:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604079/Prime_Ministers_letter_to_European_Council_President_Donald_Tusk.pdf (30.03.2017).

Communities too often demonstrating separateness from Europe and dissatisfaction with the membership.

The situation for both parties was uncomfortable. The continental members of the Communities were aware that exit of the UK from the EC would harm integration much more than its non-accession and the British were aware of the lack of choice. The British Government has decided to renegotiate the terms of membership.

Since 1974 the UK has contested both the expenditures on Common Agricultural Policy (CAP)⁸ and the difference between the British contribution to the budget and the receipts. As a result of decisions taken at the European Council summit in Fontainebleau in 1984, the UK's financial contribution to the EU budget has been reduced. Other members agreed to bear the financial consequences of UK's rebate on VAT payments (Grumbling about *le cheque britannique* in France rivals UK antagonism to the CAP – Begg, 2016, p. 44). This rebate was the subject of constant disputes. Opponents raised the issue of reduction of EU spending on the CAP and the improvement of the UK's economic situation. Supporters pointed to a persistent difference between expenditures and receipts from EU budget.

Brexit as a factor of disintegration of UK

Yet another issue related with Brexit is Scotland's future relations with the EU. There is no doubt that Scotland can – if it so wishes – become a member of the EU when it becomes an independent “state”. Obviously it fulfils all Copenhagen criteria. The accession negotiations can be quick and easy, which does not mean hassle-free.

One of the direct technical problems is the relationship of potential Scotland's statehood with the British statehood in association with Scotland's EU membership. The previous cases of “exits” from the EU⁹ do not allow for making predictions about Scotland's case. The only matter common for all these cases is that states want to leave the EU in such a way that they still want to “stay”, because the basis for their decisions are *ad hoc* political calculations rather than substantive arguments (e.g. considering economic interest). This is undoubtedly due to the fact that the alternative

⁸ The expenditures on CAP were reaching up to 70% of EU budget till the reform in 2000, since then they have decreased to 40% and are set to continue falling to 33% in 2020. In 2016 they amounted 38% (55 billion euros). See: (EU annual budget...).

⁹ The EU does not have a full-fledged experience of leaving the Organization. There are some similar cases, namely Greenland, Guadeloupe (or more precisely Saint-Martin and Saint-Barthelemy) and with respect to all the differences – Norway.

to membership is *out of EU area, out of business/market*. What differs the current exit from the previous cases is that (new)UK will be recognized as the continuator of (old)UK, while Scotland will be a new state – a recognized international body. However, the UK is departing from the EU, and the new state cannot be a continuator or a successor of membership.

The message about Scotland's independence is a separate issue. The EU and the US do not support any separatism seeing them as a threat to stability. They are even more reserved in this case as one of the pillars of the Atlantic alliance and the *security community* could be threatened. Undoubtedly, the promise of automatic membership in the EU would support the backers of Scotland's independence, as the vote "for" in the independence referendum would be a vote for maintaining the *status quo* (stay in the EU) and not for the travel to the unknown (to independence).

But the circle of recipients of this message is not limited to UK and Scotland. The first, but not direct, addressee is Catalonia, which the EU, in cooperation with Spain, wants to warn against the independence that will lead to the need for applying for EU membership, which Spain can block (as the unanimity is required).

Conclusions

Brexit changes the perception of European integration as *a road of no return* and its attractiveness. The UK rejects the paradigm that the *security community* is a source of prosperity and security. Brexit is in line with the letter, but contrary to the spirit of European's treaties. Brexit, irrespective of the EU-UK regime, will affect transatlantic order and western hemisphere. The weakening of UK ties with the EU will have a significant impact on the identity of Europe and its external perception. Brexit will also weaken the Atlantic alliance.

In the long run, Brexit will weaken UK integrity, even if Scotland does not become independent. In case of breakup of UK, the consequences will be more far-reaching and difficult to predict. At the same time, we consider the scenario of Scotland's accession to the EU after gaining independence as highly probable. It is supported by the coherence of the Scottish supporters of independence with economic interests of the state.

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