

## Brexit averted through EU reform?

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After some drama, the EU Summit produced the expected result: an agreement on the UK-EU relationship that broadly reflects the demands Prime Minister Cameron set out in his letter to President Tusk in November 2015. This reveals that no other EU leader wants to see the UK leave, given the political and economic costs this implies for the EU as a whole, especially in such a crises-dominated period.

As widely expected, David Cameron has now set the date for the in-out referendum for the 23<sup>rd</sup> of June of this year. The reactions in the UK were predictable. The opponents of EU membership claim that the deal does not restore sovereignty to the UK and does not do enough to reduce migration numbers. The Conservative Party is split, with a significant part campaigning for a Brexit, including six Cabinet members and Boris Johnson, the Mayor of London. The media has been highly critical of the deal struck in Brussels, while most of the political establishment and big businesses is, more or less reluctantly, lining up behind the campaign to remain in the EU.

### ***A domestic affair***

With this deal, the rest of the EU did what it could to encourage a positive outcome of the referendum. Unless the deal unravels in some way, which is unlikely in this short timeframe, the focus of the debate will now be exclusively on the UK itself. The deal is unlikely to have a lot of resonance with the general public, with claims and counter-claims over its significance and impact cancelling each other out, but it provides the Yes campaign with the hook to argue that this is about staying in a reformed EU.

The debate in the UK will, most likely, focus on migration and economics. While opponents of EU membership will argue that only a Brexit can restore sovereignty and thus control over the UK's borders, the proponents of EU membership will focus on the inherent uncertainty of leaving the EU and the risk this might pose for growth and jobs.

Neither campaigns are likely to look at the fundamental question: in today's world, how do you deal with the kind of cross-border challenges that cannot be addressed at the national level? While the EU is certainly not perfect, it provides the only credible instrument for European countries. In other words, what is the alternative to EU membership?

### ***An uncertain outcome***

Referenda are difficult to predict, with momentum, internal – including the popularity of the Prime Minister – and external factors, such as migrant flows or the overall state of the EU, likely to have a significant effect. It will probably be a close-run affair, with no decisive majority emerging for either side. Much will hinge on participation: the silent majority is likely to be risk-averse, so if they vote, they are more likely to back the remain campaign.

There are going to be big regional differences, with Scotland likely to vote decisively to stay in, raising the specter of a new independence referendum if the overall vote backs Brexit. Much of Southern England is likely to be opposed to EU membership, with the exception of London, where participation is likely to be crucial. In the Midlands and the North of England, EU membership itself is not likely to be decisive, but migration could well be.

### ***A special relationship?***

In the event of a vote to remain, the hope is that this will open the path for a more constructive future engagement of the UK with the EU. But this is unlikely. The deal reiterates all of the areas where the UK stands outside the mainstream of European integration and this will continue to limit the relationship in the future.

In addition, unless it is a decisive vote to stay in, the detractors of EU membership are unlikely to stop campaigning. Ironically, the deal could turn from being a factor which helps to deliver a Yes vote to a liability: if any element of the deal is not delivered, for example falling to judicial challenge, the No side will claim 'broken promises'. But even if the full deal is delivered, it is neither affording the UK the chance to veto developments in the EU, nor is it going to reduce migration numbers from both inside and outside the EU. The UK's ambivalence with regard to EU membership is likely to persist, limiting the UK's effective influence and engagement.

But even with a special relationship defined by its limitations, EU membership is better than the alternatives for the UK. A Brexit would imply limited access to the Single Market and a loss of political weight in the world, which would, for instance, be felt in trade negotiations and security cooperation. So even a second class membership is better than being out in the wilderness.

### ***A reformed EU?***

What this process has not delivered is a fundamental reform of how the EU works. This was always unlikely. The process was unilateral, focused only on the UK, and the way of negotiating – based on the threat of withdrawal – is not a process which could or should be replicated for the twenty-eight. Treaty change, with all its political implications, including referenda in a number of countries, was never on the cards, especially since the process takes years rather than months. Other models of EU integration, such as associated membership, could not be developed while the UK is taking an in-out decision.

A vote for Brexit would force changes and reforms on the EU but this is unlikely going to be a positive process. Rather, it would be reactive and defensive, with a costly divorce stopping any potential domino effect but also having a negative impact on European integration. So a Yes is much more desirable but with the risk that a positive outcome of the referendum will also stop the discussions on reforming the EU.

Regardless of the discussion in the UK, or indeed the outcome of the referendum, reform and the development of a long-term vision should be priorities for the EU. Paradoxically, the UK referendum is ostensibly about EU reform but in reality the current process makes any real discussion of reform impossible before the referendum is over and done with. Let's hope that after 23 June the UK is still inside the EU and the discussions of EU reform start in earnest at that point – but the latter is much less likely than the former.

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