

# The Telegraph

## What could save the EU now? The answer might lie in the shockwaves from Brexit



• ROGER BOOTLE

To the man from Mars, for a country like the UK to join the EU might seem a pretty unappealing prospect. But we are already in. Moreover, despite the EU's failings, we are frequently told that "business" wants the UK to stay in. Why is this?

By no means all business leaders support staying in. But it is true that a preponderance of the leaders of big businesses, and their lobbying organisations such as the CBI, do favour it (just as they favoured joining the euro). We must presume that they see advantages for their businesses, yet that does not necessarily mean that their perceived self-interest indicates an overall advantage for the UK, or that the political and constitutional factors favour staying in.

On both these issues business leaders are completely unqualified to pass judgement, except in their capacity as ordinary citizens with a vote.

In fact, when interpreting what business leaders say, there are some key structural features of the economic case that need careful attention. Even if the net balance of advantages and disadvantages of Brexit were exactly zero for the country as a whole, there would be distinct gainers and losers; and it is quite understandable that the latter should make it plain that they would rather stay in.

The potential losers from Brexit would tend to be those companies with substantial exports to the EU, minimal imports from the rest of the world and comparatively little UK business. Businesses that fall into this category are predominantly large – and well represented in the CBI.

By contrast, the gains from Brexit would be felt disproportionately by consumers, in the form of lower prices, including for food, and perhaps also lower taxes. They, of course, have no representation in business groups. And the corporate gainers would tend to be those who suffer from excessive EU regulation but don't export much to the EU. These businesses tend to be small and not heavily represented in the CBI. Moreover, there is a category of gain that will not appear directly in the calculations of any business leaders, namely the benefit of the end of the EU regulatory juggernaut in the public and non-profit sectors.

Britain's most prolific cancer researcher, Prof Angus Dalgleish, told the journalist Dominic Lawson that the EU's Clinical Trials Directive had increased the cost of experiments more than ten-fold.

The upshot is that although it is important for the voice of business leaders to be heard, we should beware of thinking that they have some special insight into the balance of economic advantages – still less into the all-important political and constitutional issues.

## The Scottish question

Few constitutional issues are more important than the Scottish question. Many people believe that if the UK came out of the EU, this would trigger a second referendum on Scotland's membership of the UK which, given recent polling and the likelihood that Scots will have voted to stay in the EU, would lead to Scotland's departure. If this reasoning is sound, it would give many Eurosceptics pause for thought. They may not like one union, namely the EU, but they tend to approve strongly of the other one: the UK.

Scotland voted to stay united with England

Scotland voted to stay united with England CREDIT: ANDY BUCHANAN/AFP/GETTY IMAGES

In fact, this Scottish argument is less threatening than it looks. The UK government is by no means bound to concede a second referendum whenever the Scottish Nationalist Party thinks it can win one. And there is a marked reluctance at Westminster to do so. The last one is supposed to have settled the matter "for a generation".

Moreover, although the opinion polls do not presently dance to this beat, since the referendum in September 2014, economic circumstances have moved sharply against independence. The economic arguments were always tenuous at best, particularly given the tricky question of what currency an independent Scotland would use. But that was in the days of oil prices at \$120 per barrel. Now the price is nearer \$30 a barrel, an independent Scotland would immediately have to levy huge increases in taxes and/or impose swingeing cuts in public spending.

Furthermore, the situation of the EU has altered profoundly since September 2014. It is in crisis, whether or not the UK leaves. In these circumstances, if Scotland left the UK, where would it find a supportive home? Even if the EU were to survive, it would not be bound to invite Scotland to rejoin. Indeed, various EU leaders have made it clear that it would have to take its place in the queue of other countries wanting to join. And Spain in particular, with its secessionist issue over Catalonia, would be likely to resist any move to admit Scotland.

Security and foreign policy

The fate of Scotland impinges on the UK's security. It is sometimes argued that this security would be imperilled if the UK were to leave the EU, particularly now, given the increasing bellicosity of Putin's Russia and the rise of international terrorism.

This view is incongruous, however, because security is one sphere in which the EU has contributed next to nothing. It is the UK's membership of Nato that gives it protection, and that would continue if it were to leave the EU. Indeed, with the exception of France, other members of the EU adopt a generally unenthusiastic stance with regard to defence issues.

Unilateralism and pacifism tend to be strong, and these countries regularly fail to meet the Nato commitment of spending at least 2pc of GDP on defence. If we had to rely on other European countries for our defence, then heaven help us.

Meanwhile, in intelligence and counter-terrorism the UK continues to punch well above its weight. It is a member of the so-called "Five Eyes" group of countries that share intelligence: the US, the UK, Canada, Australia and New Zealand. There are no prizes for noticing the key feature that all these countries have in common.

Equally, although to some countries the UK might seem of diminished importance if it left the EU, it would still remain a key global player. Ironically, if there is an immediate threat to its permanent membership of the UN Security Council, that comes from the EU, which is keen to replace its seat – along with France's – with a seat for itself. As David Owen, a former Foreign Secretary, has put it: To pretend that this country is too weak politically, economically and militarily to vote to leave the EU is absurd and deserves to be laughed out of court.

## The effect of Brexit on the EU

The exit of the UK, if it happens, could not occur at a worse time for the EU. It could prompt developments that would lead to the end of the Union. First, there would be the simple matter of the UK's budget contributions, amounting to about £10bn net. In normal times, sharing out this burden among the other EU members might not be too difficult. But these are not normal times.

Which country would line up to take its share of the burden? Germany – again? France? The result would be an unseemly row between members.

Meanwhile, a clamour for a new deal, or a referendum on membership, in several other countries would be likely.

The leading candidates are the Czech Republic, Hungary, Poland and the Netherlands. And French Eurosceptics are licking their lips at the prospect of Brexit, looking with anticipation to the presidential election in 2017.

But the really major threat from Brexit would come in a few years' time. If the UK were to prosper outside the union, then that would lead to serious pressure for EU reform – or for

departure and dissolution. And we have repeatedly seen how difficult the EU finds it to reform itself. So a break-up of the EU would be a serious possibility.

Should this prospect give British Eurosceptics pause for thought? Quite the reverse. I have argued that whatever the EU achieved for Europe in earlier decades, it is now beyond its useful life.

Indeed, with its elitism, self-aggrandizement, waste and focus on regulation and harmonization, it has become the major factor holding Europe back.

Accordingly, if Brexit were to lead to the end of the EU, then Britain would have done the people of Europe a great service.

The EU's number is up

When thinking about the EU's future the comparison that frequently comes to my mind is with the Soviet Union, which lasted just under 70 years. Seventy years after the Treaty of Rome would take us to 2027. I am not at all sure that the EU is going to survive quite that long.

As we all know, the UK did not play a role in how the EU began; but I reckon it is set to play a major role in how it ends. This would be fitting. The people of the UK have made a marvellous contribution to the world, but one that is not evenly spread. Our contribution to popular music is outstanding, but our contribution to unpopular, i.e. classical, music is not in the same league.

Wonderful though our classical composers are, you could not say that their music bears comparison with the greatest from Germany (and Austria). In painting we cannot match the Italians, the Spanish or the French, or perhaps even the Dutch. Our literature is wonderful, but so is the literature of many European countries. Of course, our native cuisine is unique – but not quite in the way we might hope.

Our contribution to the world has been enormous in science and the advance of knowledge.

Yet I suspect that the area in which the UK has made the greatest overall contribution is not in either exalted sphere but rather at the other end of the spectrum, namely in the messy business of democratic government. Parliament and the common law are the foundations of freedom – and prosperity.

It is striking that the British genius – or is it the abiding tendency of Perfidious Albion – somehow enabled us to avoid the two greatest errors of the EU's ascendancy: the euro and the Schengen passport-free zone. Still, these victories are only minor. The EU hurtles towards a truly ghastly end – economically, politically and socially. If British voters elect to stay in the union, although they will be able to avoid the worst of the coming crisis, they will be unable to avoid the fallout from the gathering disaster across the Channel.

If they elect to take the UK out of the EU, although there will be many painful wrenchings, they may trigger a series of consequences that will save, not just the UK, but Europe. And, in keeping with what the British are best at, they would then be in pole position to help construct a new Europe from the wreckage of the old.

*Copies of the third edition of Roger Bootle's [The Trouble with Europe](#) can be ordered from the Telegraph Book Club ([books.telegraph.co.uk](http://books.telegraph.co.uk) or 0844 871 1515) priced £9.99*