

UK in-out referendum firmly on the agenda

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The results of the UK General Election are in and, in part, it is in line with the polls – but only in part: the Liberal-Democrats are decimated, the Scottish National Party (SNP) has decisively won Scotland and UKIP, despite making large gains in the share of votes, has only gained a small number of seats.

What was more than unexpected is that the Conservatives and the SNP did far better than predicted, the Liberals had a truly catastrophic night and Labour did far worse than expected, not picking up seats in England to compensate for the heavy losses in Scotland. Consequently, the Conservatives will continue in government, with David Cameron as Prime Minister.

A referendum on EU membership ...

But what does all of this mean from the European perspective? A UK referendum on EU membership is now almost certain, and there's even a question whether it will come earlier than 2017. The lack of contingency planning and preparation for such an eventuality is now going to be a major issue for the EU. There is no credible set of reforms that could be agreed upon and, at least partially, be implemented by 2017, or even earlier. While the opinion polls currently suggest a majority in the UK wanting to stay in the EU, a substantial reform package would certainly help to convince the UK electorate. But the EU must have a real discussion on what price the rest of the EU is willing to 'pay' to keep the UK in.

... leading to Brexit?

The campaigning for an in-out referendum will start immediately. Some of it is predictable. Most of (big) business is going to campaign heavily for staying in the EU, highlighting the cost of economic uncertainty. While most of the broadsheets are broadly Eurosceptic, they are unlikely to campaign strongly for a Brexit. The role of the smaller parties is also clear: Lib-Dems and SNP will campaign intensely to stay in the EU (not least because a different result in an EU referendum in Scotland than in the rest of the UK will immediately reopen the Scottish independence question), with UKIP demanding an immediate exit.

But the real question is how the two big parties will campaign. This is far from certain. Within the Conservatives, Cameron's more pragmatic stance on the EU has been strengthened. But with the threat of UKIP somewhat diminished - even though they still had a significant win in terms of votes -, Tory backbenchers might flex their muscles, demanding an ambitious reform package to be convinced of EU membership, which is unlikely to materialise.

But the problems are not only limited to the Conservatives. Labour faces an even greater challenge. With the (almost) complete loss of its Scottish base, it needs to defend the North of England while making gains in the Midlands and in the South. Having seen votes moving to UKIP in the North, likely related to the migration/EU mobility argument, and knowing that the South tends to be more Eurosceptic, it is likely that Labour will move towards supporting an EU referendum, and in a referendum, being, at best, lukewarm about staying in.

Can it be won?

But a referendum on EU membership is far from lost from a pro-EU perspective. Opinion polls suggest that there is now a majority in the UK in favour of staying in the EU. The economic argument is likely to be key, with many suggesting that a Brexit would imply losses of investment, which would be painful for UK jobs and growth. While there are many risks, on

balance a referendum is likely to vote for the UK to stay in the EU, not least because a vote against EU membership might well split the UK, with Scotland becoming independent and applying for EU membership.

But the EU should do more; determining what reform deal might be on the table and ensuring that there is a clear scenario of what 'out' would mean, especially in crucial areas such as access to the Single Market. Care needs to be taken here that any reforms and any deals offered to the UK are both meaningful and are also in the interest of the other 27 member states – a tall order indeed. Serious work needs to start now at EU level to think about what can be on the table in the short timeframe before the UK referendum, without compromising EU principles.

What comes after?

Presuming that the UK referendum returns a verdict to remain inside, does this resolve the difficulties in the EU-UK relationship? This is unlikely unless we see an (unexpected) decisive majority to stay in. The UK's quasi-exit from EU policy-making is likely to become a permanent feature, while the domestic UK situation is likely to remain difficult, with the SNP continuing to challenge the *status quo*. So the prospect is uncertainty, associated with an inability to move forward on any EU policy issues, with a continuing focus on internal UK domestic politics.

In the end, the EU might avoid the fragmentation of Brexit but the situation is unlikely to be resolved. In addition, the continuing uncertainty in one of the EU's larger members is not going to help to advance the European integration process. While fear of negative consequences will likely keep the UK in, in the longer term, fear alone is not sufficient to convince people that their long-term future is with the EU, whether in the UK or in the rest of the EU. It is high time to start a real debate on the future of the European Union before the current fragmentation becomes irreversible, not only in the UK but across the EU.

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