In Defence of the British Nation State:
The Australian Case for Brexit

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June, 2016
From the Executive Director

Brexit represents an opportunity for Britain to take back their political sovereignty, democracy and freedom from an unaccountable, unelected European bureaucracy.

Since the end of World War Two, the European Union has boiled the frog of British political sovereignty. Gradually taking legislative power from Westminster and putting it in the hands of unelected Eurocrats.

In 2013, Prime Minister David Cameron signalled his intent to hold an in-out vote on Britain’s membership of the EU.

Last year, to mark 800 years since its signing, IPA Senior Fellow Chris Berg and I launched *Magna Carta: The Tax Revolt That Gave Us Liberty*.

At its core, the Magna Carta established the principle of ‘no taxation without representation’. This same principle is at stake in the upcoming vote.

The Institute of Public Affairs commissioned this research paper from foreign policy expert, Georgina Downer, to examine Brexit; and its consequences for Australia, and for democracy and freedom.

This research explores the Australian benefits of Brexit, as well as what a vote to leave would mean for western democracy and freedom.

John Roskam
Introduction

Not too long ago, the Oxford Dictionaries noted a newfangled noun, ‘Brexit’. Describing the potential departure of the United Kingdom from the European Union, Brexit has been the buzzword for the British media, the political plaything of British politicians, and will soon be the focus for Britons.

On 23 June, Britons will be asked, Brexit or not?

The answer will have seismic ramifications for the future of democracy, sovereignty and freedom.

No lesser advocates than Boris Johnson and Prime Minister David Cameron have prosecuted the affirmative and negative cases for Brexit. Why then, should an upstart Australian enter the fray in the Brexit debate?

Because Brexit is not merely important for Britain; it is also fundamental for Australia.

Notwithstanding the potentially significant short term transaction costs of Brexit, there is a strong case for Brexit, both for Britons and for Australians.

The case for Brexit in this essay follows two paths.

The first begins with history. Brexit is about righting a wrong that was done to the British people. Britons have never given their consent to a political union with Europe. There is no social contract between Britons and the European superstate; rather, European bureaucrats have conquered Britain by stealth.

Britons have, without their consent, been roped into the EU and its web of institutions and extraordinary breadth of competencies including customs, competition, monetary policy for Eurozone members, fisheries, agriculture, trade, environment, consumer protection, immigration, social policy and employment, transport, trans-European networks, energy, the areas of freedom, security and justice, public health, culture, tourism, education, and youth. The EU has its own foreign minister with embassies around the world, and is developing its own defence policy, with plans for a European Army down the track if Germany gets its way.

In an understated way so typically British, Prime Minister David Cameron in 2013 said Britons ‘feel that the EU is heading in a direction that they never signed up to.’

Now, faced with the opportunity to express their views about Brexit, Britons have a choice. The second part of this essay argues they should vote for Brexit and reject the continued advancement of the European project on British shores.

The case for Brexit is principally a case for reasserting the primacy of the great British institutions of British parliamentary sovereignty, the rule of British

1 Articles 2-6 of the Treaty on the functioning of the European Union (TFEU).
2 D. Cameron, EU Speech at Bloomberg, 23 January 2013.
law and an independent British judiciary, small government, and economic liberalism. Remaining part of the EU will condemn Britain to further integration into what has become an anti-democratic and illiberal federation.

Brexit would be a clarion call against statism and big government, a reclaiming of the British nation state and its centuries old institutions, a win for democracy over bureaucracy, and a reassertion of sovereignty. It should, after all, be for the British people to decide whether they want small or big government, high taxes or low, strong borders or weak, high immigration or low. It should be the British who have the final say over whether their government has overstretched into people’s freedoms, not European courts, applying European laws.

In addition to encroaching on British parliamentary democracy, the British judiciary and the British system of common law, Europe has failed to deliver on its promised prosperity with a near-decade long crisis in the Eurozone and sluggish economic growth.

Instead, European red tape abounds, stifling growth and job creation. Over fifty percent of UK legislation is now derived from EU law, laws which Britain must apply and over which it does not have a veto. European courts dictate who Britain can deport. EU citizens and their families can live and work freely in Britain, without limitation. Britain’s net contribution to the EU is in the order of £10 billion which angers Britons who query what benefit they get from such a significant investment of taxpayer funds.

The ‘Remain’ camp in Britain invoke the good that Europe has done in bringing peace to the continent, and the dangers to regional and global peace that Brexit would bring. But is this really the case?

It is NATO, led by the United States of America, and not the EU, that has underwritten post-war peace in Europe and beyond. As a 28 member bloc, the EU is simply unable to make effective decisions when confronted with important and difficult issues like the Russian invasion of Ukraine or the flood of migrants from the Middle East. It is incredibly difficult to get 28 countries to agree to any policy, and when it does, it is very often weak and incredibly compromised – a policy of the lowest common denominator.

If Britain continues to subject itself to a process of European decision-making, then its positions will by definition be diluted. That doesn’t make Britain stronger in unity with Europe. It makes Britain weaker.

Beyond Britain, there is no doubt its decision on 23 June will be felt globally, including in Australia. The case for Brexit remains strong on the international stage. Freed from the EU, Britain could reassert its global leadership position as an independent liberal democracy.

Brexit would have tangible benefits for Australian international relations. Beginning with a free trade deal with Australia which Britain currently can’t negotiate independently of the EU, the benefits would be considerable for Australian and British exporters alike.

Moreover, Brexit would restore for Australia an independent peer and sibling sharing many of the same values and systems, including parliamentary democracy and classical liberal values, as well as buttressing Australia’s interests in a range of bilateral and multilateral issues including defence and trade. Indeed, Australia, as a former British colony, has inherited and developed the very best of Britain.
The English language, British institutions, the values of Western Civilization – the rule of law, personal liberty and representative government – and the common law. The decline of the British nation state and the sovereignty of its Parliament under EU overlords should be something that we, in Australia, mourn.

Britain’s freedom and sovereignty should not be the sacrificial lamb for the preservation of the EU as it is and will become. Let Britain’s departure be a catalyst for reform of the EU and a reclaiming of democracy, sovereignty and individual freedoms. Let it also be a reminder to Australia of the importance of liberal values for a successful and prosperous nation state.
The British case for Brexit

On 23 June, Britons will vote on whether or not to Brexit. The decision to vote yes or no is critical and is the focus of this essay. However, it cannot be resolved without first understanding how Britain came to be entangled in the EU.

The first part of this section accounts for Britain’s relatively recent entry into the institutions of the EU. It demonstrates that Britons have never had a fully informed vote on membership of the EU. Rather, the EU and its bureaucratic trappings have encroached on British parliamentary and judicial institutions.

Europe’s takeover of Britain without Britons’ consent is a disgraceful tale. Not only is it a historical lesson, it highlights the risk of remaining a part of the ever-encroaching EU which, as an unaccountable supra-national body, disrespects national sovereignty and the free-will of the British people.

Now faced with a decision of whether to stay or leave the EU, Britons should vote for Brexit to save the fundamental institutions that have served it so well for centuries.

The remainder of this section will argue that those fundamental institutions – a sovereign Westminster parliamentary system and a robust rule of British law – must be reinstated in the face of bureaucratic and anti-democratic European alternatives. The EU’s negative impact on Britain - its economy, immigration policies and foreign policy – does not offer a bright future. Brexit, on the other hand, as the last great battle of liberalism, offers a return to strong democratic institutions, a liberal economy, and an independent values driven British foreign policy which once again matches the interests of the British people.

Conquered without consent

What was the EU for the British? Something too continental, I may say. The United Kingdom has enjoyed democracy for so long and always avoided the trauma of dictatorship and occupation. Therefore you see no reason why the EU should be a means to foster peace and fence off political dangers in order to protect Europe from History - so to speak - and no reason to part with most of your national sovereignty in order to be protected by a supranational power. Building the United States of Europe is not a palatable project for the British. Europe should not be a grand romantic affair, as we French feel about it. Europe should remain a single market and everything should be done to turn it into a level playing field for all economic agents. ¹

Britain’s current Brexit conundrum was born out of its entry into the EU and associated European architecture four decades ago.

Britain’s relationship with Europe has never been straightforward. As an island nation, Britain’s geography separates it from Europe, and this has no doubt contributed to a separateness in identity and culture.

The sense of British separateness from the beginning of the European project is stark. Britain emerged from the Second World War scarred, but victorious. And, importantly, its centuries old institutions of parliament, the common law, and the monarchy, were intact, while continental Europe had to rebuild its constitutions and institutions from the ashes of war.

Britain was with Europe, but not in Europe. It was not until the British Empire unravelled and Britain’s economy suffered in the post-War period, that Britain looked to its neighbours and saw economic growth and a potential partnership as the remedy to its woes.

The history of Britain leading up to the Second World War is not the subject of this essay, but its great successes are worthy of brief note. Britain developed, amongst other things, a rich parliamentary democracy in the Westminster tradition, coupled with a robust and independent British judicial system and the rule of British law. Britain did not achieve this success without a rich political and philosophical tradition. Britain’s success came through careful thought and considered debate and reflection, including in the writings of greats like Hobbes, Locke, Bentham, Mill, Hume, Smith and Burke.

Britain’s Empire too is – despite its many critics and apologists – an incredible success story of Britain’s history prior to the Second World War. Britain played an instrumental part in the establishment of many great nation states including the United States of America and Australia.

All of Britain’s successes and its very existence were, of course, challenged by Nazi Germany and the Axis Powers in the Second World War. Britain and its Allies stood resolute at an incredible cost of millions of lives in Britain, Europe and beyond.

The post-war years

In the aftermath of the War, the nation states on the European continent embarked on rebuilding their political institutions. All bar Sweden had to rebuild their constitutions after 1945.

It was in this context that Europe and the European project was so nobly begun. It aimed to bring about peace and stability to the European region. It was based on the utopian ideal of a post-nation state society, a United States of Europe. Economic integration, it was argued, would guard against future wars and build prosperity in Europe.

Indeed, Winston Churchill was among those who championed the idea of a ‘United States of Europe’ to prevent yet another bloody conflict. This was a longstanding view of Churchill’s, and something he had promoted in 1930 to ‘[appease] the obsolete hatreds and vanished oppressions’ of European powers.

However, Churchill did not see Britain, with its own empire and the British Commonwealth of Nations, as a part of this. ‘We are with Europe but not of it; we are linked but not combined’ he said in 1930. Churchill saw the ‘United States of Europe’ as joining other ‘great’ and ‘natural’ groupings of nations, like the Commonwealth, to support the success

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2 W. Churchill, Speech at the University of Zürich, 19 September 1946.
3 W. Churchill, Article in Saturday Evening Post, 15 February 1930
of the newly formed United Nations. And at the heart of the United States of Europe, he called for a partnership between France and Germany. Britain, like the Commonwealth and the United States, was to be a ‘friend and sponsor’ of the ‘new Europe’.

Heading Churchill’s call, Frenchmen Jean Monnet and Robert Schuman (a former French Prime Minister and Christian Democrat) developed the Schuman Plan out of which came the European Coal and Steel Community (ECSC). Their view was that giving control over coal and steel production in Europe to a ‘common High Authority’ would prevent any one European power from developing armaments and the Continent descending once again into war.

In 1951, France, Germany, the Netherlands, Belgium, Italy and Luxembourg signed the Treaty of Paris which established the ECSC, the precursor to the Common Market. However, Britain’s Labour Prime Minister, Clement Attlee, firmly declined to join stating that ‘we should not commit ourselves irrevocably to Europe, either in the political or in the economic sphere’.4

British hesitation in relation to European political and economic overreaching was prescient (but shortlived). The ECSC was not merely a body formed to promote free trade and competition in a common market. It had a higher aim – a project of European federalism, with member states giving over more and more of their sovereign powers to this ‘High Authority’ (what was to become the European Commission of the EU). The ambition was never just limited to economic matters. Schuman was clear that the ECSC was the first step in achieving a true federation of Europe.

Europe will not be made all at once or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity. … The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development, as a first step in the federation of Europe.5

For European nations coming out of the Second World War with the experiences of occupation and Fascism still fresh, giving up their sovereign rights to a supranational body may well have seemed a small price to pay in return for promises of peace, stability and prosperity. But for Britain, the prospect of joining a United Nations of Europe and giving up its sovereignty to unelected and unaccountable European elites seemed against British spirit, independence and experience. Britain had, after all, fought for its independence in the Second World War against the terrors of Fascism and Nazi Germany’s ambition to rule Europe. From the signing of the Magna Carta in 1215, to the Glorious Revolution in 1688 and the subsequent Bill of Rights in 1689, Britain had evolved a strong and successful parliamentary democracy independent of Europe. Even the pro-Europe Harold Macmillan (later to become prime minister) initially expressed serious concern about the impact joining the ECSC would have on Britain’s treasured tradition of democracy: ‘[T]earing the weakness of democracy, men have often sought safety in technocrats. There is nothing new in this. … But we have not overthrown the Divine Right of Kings to fall down before the Divine Right of Experts.’6

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4 Minutes of British Cabinet, 2 June 1950.
5 The Schuman Declaration, 9 May 1950.
British success and drive had grown an Empire which stretched across the
globe, illustrating Britain's independent might and influence. In 1945, Britain
remained a great power and one of the 'Big Three' at the international peace
conferences. It was not a peer for European nations, but an exemplar.

Britain's political influence was not its only strength. In the immediate aftermath of the
Second World War, Britain was in a position of economic strength in comparison to Europe.
It was, comparatively, not as gravely afflicted by the War and it had Commonwealth trade
and political relationships which could drive economic growth in the post-War period.

Empire and economics soon turned against Britain, however. While Attlee
declined a European Union, he initiated a break up of Empire in the decade
after the War, granting self-government to a range of nations including India,
Pakistan and Sri Lanka, and then turned his attention to decoupling Britain
from Africa. While there may have been no immediate pivot to Europe, Britain
was turning its back on the political, trade and military ties of its Empire.

At the same time, Britain suffered a sustained period of economic stagnation.
From the 1950s, Britain’s celebrated manufacturing industries declined. Its
share of global exports and GDP per capita fell while its European peers –
Germany, in particular – enjoyed comparatively higher economic growth.

**Journey to the EEC**

With Britain's Empire and economy in decline, the emergence of a new phase of European
economic federalism now seemed more appealing. However, concerned about the effect
on its relations with the Commonwealth, in 1957 Britain once again declined an invitation
to join the newly-formed EEC or Common Market with Belgium, France, Italy, West Germany,
Luxembourg, and The Netherlands. Instead, in 1960 Britain joined the European Free Trade
Association (EFTA) with Austria, Denmark, Norway, Portugal, Sweden, and Switzerland.
The EFTA had the advantage of allowing Britain to negotiate its own external free trade
agreements and did not require the setting of a common external customs tariff.

Britain's European caution continued to thaw for a number of reasons. Its diplomatic
failure during the Suez crisis in 1956 had dented Britain's confidence and exposed
its inability to influence significantly the affairs of other nations. With the threat
of Communism to Europe's east, its Empire unravelling, and concerned about its
declining influence globally, but especially in Western Europe, Britain did an about
face in 1961 and, under Conservative Prime Minister Harold Macmillan, applied to join
the EEC. The lead negotiator for Britain in its EEC negotiations was one Edward 'Ted'
Heath, later to become Prime Minister and lead Britain finally into the EEC in 1973.

Britain's pivot to Europe was not from a position of strength and this was keenly felt
when France's President Charles de Gaulle refused Britain's entry in 1963 and then again
in 1967. He argued that Britain had not overcome its ‘deep-seated hostility’ to European
integration and he was concerned about Britain's closeness to the United States. At a press
conference in 1963, he made his reasons for vetoing Britain's application perfectly clear:

England in effect is insular, she is maritime, she is linked through her interactions,
her markets and her supply lines to the most diverse and often the most distant
countries; she pursues essentially industrial and commercial activities, and only
slight agricultural ones. She has, in all her doings, very marked and very original habits and traditions. In short, the nature, structure and economic context of Britain differ profoundly from those of the other States of the Continent.\(^7\)

De Gaulle captured the characteristics of British exceptionalism and the challenges of tradition, empire, and prestige that faced British integration into Europe. De Gaulle's assertion that England was insular ignored over two-hundred years of successful Imperial expansion, but captured the spirit of post-War introspection that was infecting Britain. Britain was indeed a strong manufacturing and exporting nation with substantial trade with its Commonwealth nations (including in agriculture) which surpassed its trade with Europe. Joining the EEC and its common market would cause England to shun its traditional Commonwealth trade links and instead embrace the external protectionism of the European community which the French agricultural sector – and De Gaulle – so fervently supported.

Yet Britain in the 1970s was in the economic doldrums with high inflation, taxes and unemployment, and frequent strikes. Over the Channel it saw Europe flourishing in the EEC. The economies of each of Germany and France had overtaken Britain by the early 1970s and Britain's GDP per capita was half of its European peers. The sense in Britain at the time was that the dire economic situation coupled with declining global influence, left Britain with little choice but to join the EEC to rebuild its economy and preserve what power it still had. As then-Prime Minister Ted Heath put it in 1971, 'For 25 years we've been looking for something to get us going again. Now here it is.'\(^8\) The promise of economic prosperity – not political union – formed the basis of Heath's sell to Britons to join Europe. And so, with a change in French President to the more UK-friendly Georges Pompidou, in 1973 Heath led Britain to join the EEC.

While the Labour Party had been in favour of Europe (under the leadership of Harold Wilson), political opportunism dictated that it now oppose Ted Heath's European Communities Bill in an effort to bring down his government. But views on Europe in Britain have never fallen neatly along partisan lines and the pro-Europe bloc in the Labour Party led by Roy Jenkins (who later became Britain's only ever President of the European Commission) was enough to deliver a victory for Heath, despite a rump of Eurosceptic Tories led by Enoch Powell voting against.

Heath's commitment to European integration was unswerving. Heath, like Harold Macmillan before him and now David Cameron, was a “One Nation” Conservative. The One Nation Conservatives (as distinct from Margaret Thatcher's New Right) favoured consensus-building, social intervention to bridge the gap between rich and poor, compassionate pragmatism over ideology, and, of course, European integration.

Unlike his predecessors, Heath was the first Conservative leader from humble beginnings. He had been a fierce critic of Prime Minister Neville Chamberlain's appeasement policy towards Germany. He had fought in the Second World War and this experience made him a firm believer that European unity was necessary for peace and stability. As he said of Britain joining the EEC, "joining the Community, working together with them for our joint..."
security and prosperity, is the best guarantee we can give ourselves of a lasting peace in Europe." Heath’s pro-Europe approach was longstanding. In his maiden speech in the House of Commons in 1950, Heath had called for Britain to join the ECSC. He was the only British prime minister in favour of the idea of an ‘ever closer union’. For the pro-Europe Heath, bringing Britain into the EEC was the zenith of his political career.

While Heath’s push towards the EEC was undertaken with noble intent, it damaged Britain’s trade and political relationships with its Commonwealth nations. In particular, joining the EEC required significant changes to Britain’s domestic and foreign policies due to the EEC’s Common Agricultural Policy (CAP). Britain could no longer rely on relatively cheap tariff-free agricultural products from the Commonwealth, while subsidising its own relatively small farming population. These arrangements were terminated under the EEC.

For Australia, the consequences for agricultural trade to Britain were predictably painful. The UK-Australia Trade Agreement was cancelled in 1973 and Australia’s exports of beef, sheep meat and dairy particularly suffered. Australian exporters had to look to new markets such as the United States and Asia as the EEC closed the way to British consumers. Britain’s Commonwealth ties were truly frayed.

The CAP meant higher fixed prices for EEC agricultural goods which increased the cost of living for Britons. This was entirely unfamiliar territory for Britons who had lived with access to relatively cheap food since the repeal of the Corn Laws in the mid-19th century. Britain also had to contribute agricultural levies to the EEC which would redistribute them to member states based on the size of their agriculture industries. Given Britain’s agriculture industry was a relatively small sector of the economy, Britain contributed much more to the EEC than it received back. This was to become a sticking point in years to come.

Despite Heath’s promises that joining the EEC would deliver Britain the economic prosperity it had for Europe, Britain’s timing couldn’t have been worse. Britain continued to flounder and Europe’s economic fortunes nose-dived. The post-war boom times for Europe were over. In Britain, the cost of living skyrocketed with increases in food and oil prices, and the value of the Pound collapsed. Strikes in the coal mines led to the government imposing a three day week to conserve electricity and the eventual fall of the Heath Government in 1974.

Labour leader Harold Wilson returned to the prime ministership promising to ‘renegotiate’ Britain’s terms of membership with the EEC and hold a referendum to give British voters a say over whether to stay or leave the EEC. It is worth noting that forty years later Britain’s Prime Minister David Cameron channels Wilson when he made exactly the same promise to British voters in 2013.

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9 E. Heath, television broadcast to the nation, 8 July 1971.
Britons get their say

The 1975 referendum was Britain’s first ever national referendum. In fact, at the time there were arguments about the constitutionality of such a vote. Parliament wouldn’t be bound by the decision, but ignoring the result would have been politically untenable.

At the referendum British voters were presented with the following statement:

The Government have announced the results of the re-negotiation of the United Kingdom’s terms of membership of the European Community. Do you think the United Kingdom should stay in the European Community (the Common Market)?

Given Britain was already in the EEC, the question was framed as preserving the status quo, namely, staying in an economic relationship with Europe. No imprimatur was sought for subjecting British parliament or courts to the oversight of Brussels or Strasbourg overlords. No encroachment of Magna Carta by a bulging bureaucracy was mentioned.

It is worth asking the question, whether the result would have been different if Britons were asked in 1972 whether they were in favour of the UK joining the EEC. The history of referendums indicates that preserving the status quo usually, but not always, prevails.

In that context, all three parties – Labour, Conservative (now under new leader Margaret Thatcher) and the Liberals campaigned for a vote in favour of the status quo of maintaining a common economic link with Europe. And around 67% of Britons voted in favour of maintaining Britain’s connection with a common European market.

The 1975 vote was therefore a vote in favour of economic liberalism and free trade. It was not, however, a vote for a dilution of British parliamentary sovereignty, a bastardisation of the British rule or law, a subordination of Britain’s independent judiciary, or a re-writing of British common law at the behest of European bureaucrats. As a former British diplomat said, ‘ultimately misleading impressions’ were given to the British about the EU for fear they would not accept Britain’s entry if they knew the truth.¹⁰

The referendum, moreover, was the highpoint of support for Britain’s membership of the EEC. As Britain’s economic problems continued, support for the EEC started to fall. Four years after the referendum, a series of strikes over the winter of 1978-79 (called the ‘Winter of Discontent’) delivered Margaret Thatcher the prime ministership and so began a new era of UK-EU relations.

To start with, Thatcher was neither particularly for Europe nor against it. While Ted Heath’s devotion to the European ideal and Britain’s future in it trumped all others, Thatcher was a British nationalist who believed strenuously in pursuing British interests in Europe and protecting British sovereignty. And Britain’s interest in Europe was, for Thatcher, the fulfilment of the single market.

Thatcher successfully renegotiated Britain’s contribution to the EEC budget in 1984, obtaining a rebate for Britain. She pursued the creation of the single common market

and the bringing down of non-tariff barriers and made no apology for the price she paid for this agreement – the removal of the national right of veto on most EEC decisions.

But it was on the issue of the Exchange Rate Mechanism or ERM (fixing the currencies together) and an eventual monetary union or single currency, as well as the EEC’s encroachment into social and labour market policies which in the end were a bridge too far for Thatcher.

In 1988 Thatcher delivered her seminal Bruges speech, clearly setting out her views on Europe and the limits of its integration. Her speech was a proud and passionate defence of the nation state and the benefits of intergovernmental cooperation to further the cause of economic liberty. She argued that the EEC should not be ‘an end in itself … nor must it be ossified by endless regulation. … To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardise the objectives we seek to achieve.’ She was actively opposed to the centralisation of power in Brussels which she saw as a Soviet-style approach to governing. Thatcher warned that ‘[w]e have not successfully rolled back the frontiers of the State in Britain only to see them re-imposed at a European level, with a European super-state exercising a new dominance from Brussels.’

Against her better judgement, shortly before her resignation Thatcher agreed to Britain joining the ERM. While Thatcher’s premiership ended in 1990 over the hugely unpopular poll tax, her views on resisting further European integration contributed to her demise with many in her cabinet preferring strengthening European ties. Out of office she became an advocate for Britain leaving the EEC, stating that Britain’s membership had been ‘a political error of historic magnitude’.

Britons get no say: Maastricht and beyond

Thatcher’s replacement, John Major, negotiated the next stage of deeper European integration, the 1992 Maastricht Treaty. Maastricht extended the EEC’s powers even further creating an economic and monetary union, common foreign and security policy and cooperation on justice and home affairs. Major secured opt-outs for Britain from the monetary union, and the so-called Social Chapter which covered employment laws and social security.

While Major had opted out of the monetary union, the Pound remained in the ERM. Financial instability meant Britain could not control the value of the Pound and was forced to leave the ERM in 1992, never to return. Major was blamed for poor economic management and, despite Britain’s economic prospects brightening soon after it left the ERM, Major’s reputation and government never recovered. The legacy of Britain’s experience of the ERM was that joining the euro has always been deeply unpopular in Britain, and the Eurozone crisis has cemented this view.

Labour leader Tony Blair won government and took over from Major as prime minister in 1997. He quickly signed Britain up to the Maastricht Social Chapter (as he saw this as a way to entrench Labour’s workplace relations agenda) and then the EU Charter of
Fundamental Rights in 2000. Blair sought no approval from Britons for these monumental steps. Yet, they vastly expanded the EEC's competencies from the economic to the political sphere and had a monumental impact on Britain's judicial system and sovereignty.

Blair was in favour of joining the Eurozone but his Chancellor of the Exchequer, Gordon Brown, wisely was not. Even though Britain was not a Eurozone member, Gordon Brown made sure Britain was involved in Eurozone decision-making.

While an EU Constitution to replace the series of EU treaties was negotiated and agreed upon in 2004, voters in France and the Netherlands rejected the Constitution at referenda after which it was abandoned. In its place, the Treaty of Lisbon was adopted in 2009. The Lisbon Treaty significantly amended the existing EU treaties along the lines of the defunct EU Constitution, including changing the EU decision-making procedures (such as moving from unanimity to qualified voting in 45 policy areas) and creating two new positions – the President of the European Council and a High Representative for Foreign Affairs and Security Policy (ostensibly an EU Foreign Minister). The Lisbon Treaty also made the EU Charter of Fundamental Rights legally binding.

Despite a promise to hold a referendum given the Lisbon Treaty's impact on Britain's constitutional arrangements, Gordon Brown (who became prime minister in 2007) pushed ratification of the Lisbon Treaty through the British Parliament with no recourse to the British public.

**Cameron’s ‘new settlement’ and the referendum**

Frustration over the EU's handling of the Eurozone crisis beginning in 2009 along with concerns about unlimited migration to Britain from EU countries was the catalyst for a resurgence in Eurosceptism in Britain.

Sensing the mood in Britain turning against Europe, in 2013 Prime Minister David Cameron delivered his ‘Bloomberg speech’ on Britain's EU relationship. He acknowledged that the EU was ‘heading in a direction that [the British people] never signed up to’. He committed to negotiate a new relationship for Britain with the EU and to hold a referendum on Britain's EU membership to finally ‘settle this European question in British politics’.

Cameron reached an agreement on the ‘new settlement’ with EU leaders in February 2016. The ‘new settlement’ deals with:

- economic governance: no discrimination against non-Eurozone countries, including not incurring financial losses due to Eurozone 'bail outs';
- competitiveness: a commitment to enhance competitiveness and reduce regulation;
- sovereignty: the concept of an ‘ever closer union’ will not apply to Britain; and
- social benefits and free movement: limit access of EU workers to benefits for a total period of up to four years.

Hopes that Cameron's ‘new settlement’ would be a significant recasting of Britain's relationship with the EU were quickly dashed. EU leaders had shown little sympathy for Cameron's pleas of what they saw as British exceptionalism.

The new settlement fails to address British concerns about unregulated people flows and the impact of the European Charter on Fundamental
Rights on British law. It also excludes Britain as a non-Eurozone member from intervening in the development of the EU’s fiscal and monetary union irrespective of whether Britain is negatively affected by any changes or not.

Finally it is not clear whether the new settlement actually means much. It is not a binding EU treaty or EU law. Cameron will need to negotiate a new treaty to implement most of these new arrangements. Down the track these could also be subject to review and possibly rejection by the European Court of Justice (ECJ), rendering the whole process null and void.

**Taking stock of Britain’s role in the EU**

So the history of Britain’s relationship with the EU demonstrates a number of things.

First and foremost, Britons never voted – nor have they have they ever voted – on a proposal to surrender British parliamentary sovereignty, the sovereignty of British courts, the dilution of British rule of law or changes to classical British liberalism. Rather, the EU has been thrust upon Britons, through a series of stealth accretions, achieved with the acquiescence of British prime ministers, particularly the Europhile Tony Blair.

Second, membership of the European Union can never be a fixed nor publicly understood bargain. The Eurocrats crave power and will use anti-democratic processes and regulation to dilute nation-states’ sovereignty. The rejection of a European Constitution did not stop the advancement of European power. Rather, the Lisbon Treaty took its place and continued the incremental shift of power from London to Brussels. The seeds of the European project, once planted on Britain’s shores, have grown into a vast weed that cannot be controlled by Britons.

So what in particular makes the EU project so offensive to British nationhood, institutions and values?
Unpacking the arguments for Brexit

Brexit ... is now the great project of European liberalism, ... it is the European Union – for all the high ideals with which it began, that now represents the ancient regime... they are fighting for an outdated absolutist ideology, and we are fighting for freedom.12

The high ideals of the EU, of delivering prosperity and peace, have descended into something quite clearly anti-democratic and illiberal. It is statist and obscurantist, it is hamstrung when it comes to dealing with real challenges, such as immigration and fiscal controls, and it is a system of government that values the views of Eurocrats over those of the citizens of its member states. It is failing to deliver growth and prosperity as it stifles free trade and enterprise through regulation and lowest-common denominator decision-making.

The idea that Britain has made its bed in Europe and now must eternally lie in it at the expense of its sovereignty, its democratic traditions, its control of its migration flows, its ability to engage with the world outside the EU, is an unacceptable capitulation. The EU continues to be a grave threat to British sovereignty and democracy, to individual freedoms, to small government, and free markets. This means that Brexit is, as Boris Johnson puts it, the last great battle for liberalism in Europe.

12 B. Johnson, speech on the EU referendum, 9 May 2016.
Undermining British democracy and sovereignty

The power of the legislative being derived from the people by a positive voluntary grant and institution, can be no other, than what that positive grant conveyed, which being only to make laws, and not to make legislators, the legislative can have no power to transfer their authority of making laws and place it in other hands.\(^{13}\)

Britain’s parliament, Westminster, is the birthplace of liberal democracy. Central to the success of British democracy is the principle of parliamentary sovereignty. It is Britain’s elected representatives (members of parliament) who have the supreme authority to create or end any law. And it is British citizens, through electing their representatives, who are empowered to determine how their country is governed and the laws of the land. This accountability is key to the long term success of liberal democracy in Britain and throughout the world.

Britain’s membership of the EU, however, has eroded parliamentary sovereignty and British democracy. Membership of the EU means Britain is bound by EU law, and where EU law and British law are inconsistent, EU law overrides British law. This arrangement is similar to that of federations like Australia, the United States and Canada, where federal (or Commonwealth) law overrides State laws to the extent that they are inconsistent.\(^{14}\) Like Australia’s federal system, the EU’s powers or competences are divided between those over which it has exclusive competence, shared competence, and then competence to support or coordinate actions and policies (see below table).

### EU COMPETENCES

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13 J. Locke, Second Treatise, Two Treatises of Government 1698.

14 For example, section 109 of the Australian Constitution provides that “When a law of a State is inconsistent with a law of the Commonwealth, the latter shall prevail, and the former shall, to the extent of the inconsistency, be invalid.”
The result is that now between 50 to 60 per cent of laws in Britain come from the EU. For an Australian, this shift of power away from Westminster to Brussels without a clear mandate from the British public is astounding. The Australian Federation only materialised after significant political and public debate, compromise between the states and their ultimate agreement to transfer some power to Canberra.

**Supremacy of the European courts**

Furthermore, the increase in EU law in Britain and activism of EU courts has impacted the sovereignty of British courts. Of particular concern for British sovereignty is the impact of the European Convention of Human Rights (ECHR) and the EU Charter of Fundamental Rights.

The EU Charter of Fundamental Rights sets out the basic rights of EU citizens. It became part of EU law in 2009 and is enforced by the ECJ in Luxembourg, the EU's highest court. The Charter is being used more and more in British cases. In 2015, lawyers relied on Charter rights in 56 UK cases, and 210 ECJ cases in 2014 (up from 43 in 2011).

The ECHR sits apart from the EU. Signed in 1953 by members of the Council of Europe, the ECHR is enforced by the European Court of Human Rights in Strasbourg. The Charter mirrors and extends rights enumerated under the ECHR, and the jurisprudence of the European Court of Human Rights is now more or less interchangeable with that of the ECJ. Increasing judicial activism in the European Court of Human Rights and the ECJ in applying the ECHR and the Charter has led to decisions that have prevented or delayed British Governments from deporting extremists and criminals, and given prisoners in British jails the right to vote, against the wishes of the British Parliament.

Frustration with the ECHR and the Charter has given rise to plans to introduce a new British Bill of Rights to replace Britain's Human Rights Act, with a stronger emphasis on freedom of speech over the right to privacy, and protections for serving soldiers. The new Bill, however, won't materially change the status quo. And it can't alter the fact that under the jurisdiction of the ECJ and European Court of Human Rights, British parliaments are not free to determine who stays or leaves Britain, irrespective of genuine concerns about community safety or that an individual's continued presence in Britain may be inimical to British values.

**An anti-democratic system**

The EU's way of governing is completely alien to the British. It contradicts many of the familiar and successful traditions of Britain's parliamentary democracy. The notion of directives emerging from the European Commission (a bureaucracy) which have to be implemented by member states, rather than legislation emanating from the democratically elected House of Commons is an affront to British democracy. The concept that the European Commission, a bureaucracy completely invulnerable to ballot box, proposes bills to the European Parliament, is also not the way the British system works. The Westminster system means that British government ministers are first and foremost elected representatives and part of the Parliament. As ministers

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they introduce bills to the elected parliament. Then it is the parliament that makes the final decision. This is a completely different concept from the EU system.

Many argue that the British people, through the British Members of the European Parliament (MEP) who they elect, can exercise their democratic rights when MEPs vote on EU directives and regulations. This may be true in theory, but it does not reflect reality. Britain's 73 MEPs make up under 10% of the 751 MEPs so, even if all British MEPs voted against a directive, this would not stop the rest of the EU Parliament passing it into law. In other words, Britain cannot by itself prevent a directive becoming part of British law through the current EU arrangements.

Britain's track record of getting its way in the EU through influencing other European nation states is not good, either (David Cameron's failure to get a decent ‘new settlement’ is the most recent case in point). Since 1996, Britain has opposed over 70 measures at the European Council of Ministers and every single one of these measures has been adopted into EU law (which Britain must apply and which overrides British law in the event of a conflict).

The direction of EU law-making is not subject to the same checks and balances of a democratic system as the Westminster system of parliamentary democracy. At general elections in Britain, British citizens can vote a government out of office if they don't agree with its policies, and the new government (formed by a majority of MPs in the House of Commons) can then repeal laws which are inconsistent with its policy agenda. Britons, therefore, have traditionally had a choice between political parties that advocate small government or big, low taxes or high, as well as spending priorities (eg, defence, infrastructure, social security, healthcare or education). However, now Britain is bound by EU law, this means that no government, of whatever ideological persuasion, can change the vast number of EU laws which bind it. There is little chance of significant repeal of EU laws. So once they're passed, that's it.

Of great concern is that the liberal idea that it is better to be in control of one's own destiny is an anathema to Eurocrats. The President of the European Commission Jean-Claude Juncker certainly doesn’t think much of democracy when he says ‘there can be no democratic choice against the European treaties.’ If one views the EU as a Christian Democrat project (for that is the dominant political philosophy of its founders and many of its current day leaders), then one can understand the focus on internationalism over the nation-state, that the state exists to right the wrongs of society, rather than creating the foundations for freedom. The EU’s philosophical approach is therefore inconsistent with liberal ideas of economic freedom.

The future for the nation state is grim

The step-by-step encroachments into British sovereignty and whittling away of democracy over the last 40 years are astounding. But the European integration project is far from complete as the EU aspires to ‘an ever closer union’. The Five Presidents (yes, that's right, there are five of them) Report commits to completing the economic and monetary union of the EU by 2025. Eurozone states will pool more
of their sovereignty to create a euro area treasury as the EU moves ‘beyond rules to institutions in order to guarantee a rock-solid and transparent architecture of EMU.’

For the founders of European integration, people like Jean Monnet, traditional state sovereignty produced rivalries and competition that led to violence and war. A United States of Europe overcame this problem, at least within Europe. The US political scientist Francis Fukuyama has suggested that ‘the European Union more accurately reflects what the world will look like at the end of history than the contemporary United States. The EU’s attempt to transcend sovereignty and traditional power politics by establishing a transnational rule of law is much more in line with a ‘post-historical’ world than the Americans’ continuing belief in God, national sovereignty, and their military.’

So, for the citizens of the member states of the EU, the question is where does this EU integration stop? Will the individual sovereign states of the EU still exist in years to come? At the United Nations Security Council, will the EU one day take the place of Britain and France as a Permanent Member? It may be hard for David Cameron and Francois Hollande (President of France) to conceive of that scenario now, but the fact that the EU now two spots at the table at the G7 (both Presidents of the European Council as well as the European Commission) shows just how much of a global player in its own right the EU has become.

For Britons, the attractiveness of Europe and the basis on which they agreed to remain in it has been its promise of economic prosperity that it would ‘act as a turbocharger for the British economy’. The EEC or Common Market was for Britons a project to deliver them from the economic doldrums, to bring down intra-European trade barriers, making trade and business transactions between London and Paris as easy as those between Bristol and Manchester.

The EU has however failed to deliver on this prosperity promise. In 1973 the EU represented 36 per cent of global GDP, in 2003 it was down to 30.7 per cent, and in 2013 down to 23.7 per cent and dropping. At 1.7 per cent, the EU has the slowest growth of all regions of the world bar Antarctica. The size of the Eurozone economy is exactly the same size as it was in 2008.

The EU’s economic future is looking uncertain, especially as it grapples with significant demographic challenges, such as ageing populations, systemic low growth, large welfare spends and continuing high levels of government debt. The EU has around 7 per cent of the world’s population, produces 17 per cent of global GDP but has to finance 50 per cent of global social spending. Even Angela Merkel has queried whether it will be possible to finance such high levels of spending. The perfect storm of EU-wide government debt at 88 per cent of GDP, sluggish growth and a Eurozone crisis that continues to this day is frightening. For younger generations of Europeans, the future is particularly grim as there is no solution to deal with what will be a disastrous intergenerational debt problem.

But it’s not just low growth and high debt that is a problem for Britain. Being part of the EU is also very costly. In 2014, Britain’s net contribution to the EU was around £10 billion, which is calculated based on its Value Added Tax (VAT) receipts, gross national income, customs duties and levies on sugar production. This is money the British government could otherwise be spending in Britain (or that it doesn’t have to spend, but rather reduce the tax burden on British citizens). The intractability of the refugee crisis in the EU will also have an impact on the EU’s budget, and as a result, the UK.

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19 http://ec.europa.eu/eurostat/statistics-explained/index.php/The_EU_in_the_world_-_economy_and_finance
20 http://ec.europa.eu/eurostat/tem/refreshTableAction.do?tab=table&plugin=1&pcode=teina225&language=en
Britain’s infection by the Eurozone crisis

While Britain is not a part of the Eurozone, and refused to be part of bail outs for the Eurozone during the crisis, the flow on effects of crisis are still felt in the British economy given around 50 per cent of the UK’s total trade is with the EU.²²

Beginning in 2009, rising government debt levels and poor growth prospects in EU member states, particularly Greece, Ireland, Spain, Portugal and Cyprus, led to rising interest rates and governments unable to pay their debts or bail out their banks.

Being in the euro means that these highly leveraged countries cannot devalue their currencies to restore their competitiveness and drive a recovery. Unemployment, particularly youth unemployment, continues to be high in those countries. With EU growth set to be sub-2 per cent until 2020, national governments have no clear way out of this situation and the views of voters in these member states are overridden anyway as EU rules trump local laws. The EU has been unable to deal effectively with the Eurozone crisis. Ironically in the face of the euro’s failures the EU’s solution to the crisis is ‘more Europe, not less’ and deeper integration to ensure Eurocrats have control of member states finances.

It’s frightening to note David Cameron’s new settlement does not allow Britain to impede these future efforts to deepen integration of Eurozone member states which means Britain will have no say in how the Eurozone develops. Staying in the EU could mean Britain will be required to contribute to future bailouts and subsidies to prop up this failing system.

European overregulation of Britain’s economy

The EU’s illiberal agenda is exemplified by the excessive regulatory burden it imposes. The EU’s one size fits all regulations cost the British economy £600 million per week, while the think tank Open Europe estimates that the 100 most expensive EU regulations set back the UK economy by £33.3 billion a year, with some of the costliest regulations relating to employment law. This stifles job-creating growth and individual initiative.

For example, the EU’s Working Time Directive limits the number of hours an employee can work per week to 48 hours, and mandates daily and weekly rest periods, and four weeks’ paid annual leave. This costs the UK economy around £4.2 billion a year. The Temporary Agency Workers Directive requires basic employment and working conditions for temporary workers to be equal to those of full time employees and costs around £2.1 billion a year.²³

EU regulations go from the bizarre to the extraordinary, dictating the shape of bananas, and the distance from a wall that a tree can be planted. The EU introduces around 2500 of these regulations per year. These are regulations that bind 100 per cent of British business, even though only 6 per cent of British businesses export to the EU.

While for now the UK may set its own taxation policy, its tax rules must comply with EU law. The UK is bound by EU law relating to indirect taxes, including Value Added Tax (VAT), excise

²² https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/Pages/OTS.aspx
²³ http://openeurope.org.uk/intelligence/britain-and-the-eu/100-most-expensive-eu-regulations/
duties, and environmental taxes.\textsuperscript{24} For example, currently, the UK Government is not able to set its own rates of VAT or choose which goods or services are exempted from VAT which limits the ability of UK governments to reduce (or increase) taxation burdens on Britons.

\textbf{Economic scaremongering}

Forecasts on the economic impact of a Brexit on the British economy vary given uncertainty over the nature of a future UK-EU relationship, and the fact that ‘many of the costs and benefits are subjective or intangible’.\textsuperscript{25} The UK Treasury’s gloomy forecast is that Brexit would cost each British household £4300, bring about a recession, shrink GDP by 3.6 per cent, force 500,000 out of work, lower average real wages, increase inflation, weaken the Pound, push down house prices, and increase public borrowing.\textsuperscript{26} According to Chancellor of the Exchequer George Osborne who is campaigning strongly to Remain, this all sounds pretty dire.

The real impact of Brexit on the UK economy, however, will depend entirely on the nature of Britain’s relationship with the EU. This will be a negotiated solution, whether it is membership of the European Economic Area (EEA), like Norway, or a negotiated bilateral agreement with the EU, like Switzerland, or even World Trade Organization (WTO) membership without any form of specific agreement with the EU, like Australia. Given the importance of Britain’s economy to the EU (Britain has a balance of trade deficit of around £70 billion with the EU), it is inconceivable that EU leaders would seek to do a deal with Britain that disadvantages their own market.

Brexit, too, won’t be an immediate affair. Most likely Britain’s untangling from the EU will take many years (the EU Treaty allows for 2 years of formal negotiations but these only start once Britain formally notifies the EU), allowing for an orderly adjustment, very different from the catastrophic scenarios painted by those in the Remain camp.

\textbf{Floundering British bilateral trade}

Finally, while bilateral and multilateral trade deals may be de rigueur throughout Asia, Oceania and the Americas, the EU’s trade liberalisation agenda founders. The EU has little serious interest in further internal market liberalisation, especially in extending the single market to services, energy and digital technology, areas where Britain has a comparative advantage.

The slow pace of EU negotiations of bilateral trade agreements too is excruciating. Britain is the fifth largest economy in the world with huge global clout in its own right but, unlike Australia, it is unable to negotiate its own bilateral trade agreements or even participate in its own right at multilateral trade negotiations. Rather it must rely on the EU Commission to negotiate agreements on its behalf. Even if Britain is willing to make the concessions necessary to do a trade deal with a trading partner, it must wait for its 27 fellow EU member states to agree on the terms of prospective FTA deals.

\textsuperscript{24} Article 113 TFEU.
\textsuperscript{25} http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06091#fullreport
For Britain many of its global interactions are now filtered through the EU. At the WTO the European Commission speaks for all EU member States. The positions the EU takes are a negotiated solution with the 28-member bloc. Like the United Nations, the size of the EU membership makes it incredibly difficult to negotiate an effective outcome, and many decisions such as on trade deals result in a race to the bottom not the top.

There is significant potential for Britain, if it broke from the shackles of the EU, to sign its own bilateral FTAs, open up markets for its exporters in growing economies throughout the world. As the former Director General of the British Chamber of Commerce said, ‘Britain’s exports to the EU constitute about 13% of Britain’s GDP, with 17% going to the rest of the world. [Britain has] a massive trade deficit with the EU (with whom [it has] a trade deal) and a trade surplus with the rest of the world (with whom, for the most part, [it has] no trade deal).’

**Breaking Britain’s borders: European immigration**

Unchecked migration to Britain and the EU migrant crisis have become the bête noir of EU leaders, particularly David Cameron. At the heart of the Brexit campaign is the concern that democratically elected governments in the UK are unable to control migration flows and therefore manage the impact on public services, infrastructure, British values and way of life.

The free movement of people is a core principle of EU membership. In the first 20 years of the EU, net migration to the UK from EU member states was relatively minor. Since 2004 (when the EU membership was enlarged) however, around 2 million EU migrants have moved to Britain. In 2015, net EU migration to Britain was 184,000.

Many in Britain are concerned about the impact such large increases in the population are having on public services, such as the National Health Service and schools, social security payments, as well as the pressure these new arrivals put on the wages of lower paid Britons. Free movement of people also means there is no way Britain can select which EU migrants come to the UK on the basis of the skills they bring. The figures reveal that there are high levels of low skilled migrants coming to the UK.

There is also a significant prospect of even greater migration flows to Britain in the future as the Eurozone crisis continues and the EU membership is enlarged beyond the current 28 member states (the EU is progressing the applications of Albania, Macedonia, Montenegro Serbia, and Turkey to join the EU).

Finally, a solution to the migrant crisis in Europe has so far eluded the EU. Over a million migrants from the Middle East and Africa have flooded into Europe over the last year and, since 2014, the International Organisation for Migration estimates that around 8500 people have died trying to cross the Mediterranean. The difficulty of getting 28 member states to agree on a course of action cannot be overstated and so far the response

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29 [http://missingmigrants.iom.int/](http://missingmigrants.iom.int/)
has been ineffectual. The result has been EU states starting to take unilateral action to protect their borders, in defiance of EU law and threats of fines, while other states such as Germany create a pull factor by adopting more welcoming policies. The large scale and disruption of the migrant crisis in Europe, coupled with stagnant growth and unemployment, has led to rising discontent, particularly an increase in right-wing groups and parties. So far there is no effective policy response, although Australia provided advice on its significant experience dealing with the scourge of people smuggling.

**Brexit and British foreign policy and defence**

Will Britain’s departure from the EU lead to a more insecure future in Europe? Will it lead to a decline in Britain’s global influence?

It’s hard to imagine that Britain, a Permanent Member of the United Nations Security Council, a member of the G7 and G20, would be less influential outside the EU. If we use economic strength as a proxy for global influence, then Britain as the world’s fifth largest economy should be doing very well.

In fact, outside the EU Britain will be able to forge partnerships in growing regions of the world, such as Asia, and with partners such as Australia and the United States, based on its own national interest and values, rather than see its foreign and defence policy handed over to a 28-member bloc, only to result in negotiated solutions that invariably fail to meet the needs of the British people.

Throughout history it has been an independent and sovereign Britain that has defended Europe, stood up for its values of freedom and democracy in the face of totalitarianism and autocracy. But according to David Cameron, Britain alone is not strong – it only has the ‘illusion of power’.

Within the EU, Britain’s is but one of 28 voices negotiating common foreign and defence policy responses. Such negotiated solutions encourage stasis and lacklustre responses. Since 1948 it has been the North Atlantic Treaty Organisation (NATO) and not the EU (or its precursors) that has upheld peace in Europe. In contrast, the EU has a poor track record when it comes to tackling the more serious foreign policy challenges. For example, in the face of the unfolding tragedy in Yugoslavia in the 1990s, in which 250,000 people perished, the EU members were unable to agree on an effective common response. In the end, frustrated at the EU’s indecision and weakness, NATO, led by the United States, intervened in the conflict.

For Europe, the most pressing foreign and security policy challenges relate to the Middle East and Russia, as well as the internal security threats of terrorism and unchecked migration flows. Britain’s experience negotiating EU sanctions on Russia after its annexation of Crimea in Ukraine is instructive of the EU’s foreign policy failings. Britain, of course, could not impose unilateral sanctions on Russia because the EU has competence over trade policy. This necessitated a negotiated response of the 28 members, with any one member state able to exercise its veto. While Britain (as well as Germany

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and to a lesser extent France) wanted tough sanctions on Russia, Greece, Cyprus, Italy and Spain were reluctant to offend Russia so would not agree to the tough proposals. The negotiated EU result was disappointing but unsurprising – weak sanctions which had only a limited impact on an increasingly belligerent anti-democratic Russia.
Brexit’s benefits for Australia

Britain’s decision on its EU membership will be felt globally, but especially in Australia where we share such close ties of history, institutions, traditions and values. The potential for mutual benefits from a free trade deal, plus improved freedom of movement between our two countries would refresh our bilateral ties. But we must also celebrate the potential of a Britain free of the shackles of the EU to work together with Australia in defence of liberal democratic values in international affairs. The alternative would be the continued diminution of Britain as an independent nation state, as a locus for Western civilization, for strong democratic traditions and institutions. This is something we should all mourn.

British bilateral benefits

UK-Australia FTA

While the EU and Australia launched FTA negotiations in 2015, unsurprisingly the negotiations with the 28-member bloc have already come to a halt in the face of the protest of one – an Italian request that Australia scrap anti-dumping duties on canned tomatoes. How many years, if ever, this issue will take to clear up is anyone’s guess and means British and Australian exporters miss out on the mutual benefits of free trade.

If Britain left the EU and undertook bilateral FTA negotiations with Australia, it is entirely possible these could be concluded in a short time, especially given the strong and deep history of Anglo-Australian trade since Australian settlement in 1788. For Australia, there would be significant opportunities for our high quality agriculture exports in the UK market.

Australia’s recent successful bilateral negotiations with Korea, Japan and China, among others, demonstrate that bilateral negotiations between single nation states can be more efficient and effective at delivering results for Australian exporters and lowering tariff barriers.

Continued diminution in freedom of Anglo-Australian movement

Since 2008 the number of Australians working in the UK has fallen by 40 per cent. The traditional rite of passage for young Australians to work in the UK has been narrowed and will soon be shut. The reason is the EU.

Britain’s loss of control over the level of EU migration has forced it to clamp down on non-EU migration. David Cameron promised to reduce the number of migrants to Britain but his only solution was to cut down on non-EU migration. This change has been deeply felt by Australians.

From 2016, most non-EU workers (including Australians) must earn at least £35,000 to settle in the UK for longer than six years.31 Further, the inflexibility of British visa conditions means that Australians working in Britain must return

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to Australia and reapply for a working visa if they want to change employers.
A disappointing reception from the country of our Head of State.

A Brexit would mean Anglo-Australian ties through migration, temporary and permanent, could continue and strengthen, rather than diminish. Future generations of Australians could appreciate the closeness of traditions, values and history, as well as deepen the commercial and cultural relations between our two countries.

**Loss of Britain as a strong liberal independent actor in international relations**

Australia’s voice will always have more impact in international affairs if it builds coalitions of like-minded liberal democracies. Britain and Australia have, second only to the United States of America, an incredibly close partnership. Indeed, in terms of shared history and values, the Anglo-Australian relationship outflanks even the US-Australian relationship.

As likeminded as we are, we will often vote together and cooperate in multilateral fora, standing up for our liberal democratic values. Our troops have been deployed together in almost every military conflict in the 20th and 21st centuries. But as the EU’s competences have grown, so have efforts to harmonise EU foreign policy. Britain, as just one member state out of 28, must now negotiate at the EU to agree what are usually anodine and weak policy positions. Britain and France, the two most significant global players within the EU, are inhibited from bold and principled action on the international stage without EU imprimatur, which is rarely if ever given.

For Australia, our priority area of interest for both economic and strategic reasons in the Asia Pacific. The EU’s foreign policy making constraints and focus (on itself) means that it punches way below its weight in this region. The UK’s soft power (culture and values) plus its force projection in the Asia Pacific are limited by the EU’s dilution effect.

It is worth noting that the UK’s Foreign and Commonwealth Office employs hundreds of bureaucrats to work on Britain’s EU relationship, while the number who work on Commonwealth issues (which includes Australia) is a paltry five. This also means that Britain ends up having a low key engagement with the Asia Pacific given its resources are so heavily focused on endless EU meetings.

Australia is down the list of priorities for Britain. We were reminded of our place in the pecking order recently when Prime Minister Malcolm Turnbull was due to visit London to meet David Cameron earlier this year. Days before Turnbull was due to arrive, an EU Council meeting was called and Turnbull’s visit was duly cancelled. A timely reminder of where we stand in relation to the EU.

Most pressing for Australia is a strong international response to China’s increasingly aggressive behaviour in the South China Sea. We would value Britain’s voice and strategic presence on this issue. But Britain’s stance on China has been episodic at best – it does not have the capacity to think deeply and strategically about Asia in that way when its focus is so heavily on Europe.

My own experience of Britain’s foreign policy priorities in Asia while I served as an Australia diplomat in Japan is telling. In line with a heavy focus on human rights in EU foreign policy, and in coordination with the European Mission in Tokyo,
much of Britain’s diplomatic energies were expended on lobbying the Japanese Government to abolish the death penalty. An important, but second order issue.

If Britain were to leave the EU, this would mean Anglosphere countries like Australia, New Zealand and Canada would once again be lifted in importance for Britain. Britain would naturally turn its focus to the engine room of the global economy, Asia, and how to solve the strategic challenges facing this region. Australia should welcome this shift.

**Decline of a nation state with shared classical liberal values**

Australia, as a former British colony, has inherited the very best of Britain. The English language, British institutions, the values of Western Civilization – the rule of law, personal liberty and representative government – and the common law. The decline of the British nation state and the sovereignty of its Parliament under EU overlords should be something that we, in Australia, mourn.

Australia needs Brexit to see the reinvigoration of a strong liberal parliamentary democracy, with respect for the rule of law, small government and economic liberalism. Britain’s continued integration into the EU means the loss of the founder of all of the institutions we hold so dear in Australia.

Europe moreover, has been successful in exporting its rules and values by stealth. We see this in Australia through the policies advanced by several political parties and interest groups who argue that it is the role of the state and its bureaucracy to find a solution to each and every one of society’s ills.

As we face an impending election on 2 July, Australia is grappling with fundamental questions of a Eurocentric flavour:

- Does the Federal government exist to fix wages?
- Should Canberra support specific industries?
- Should ever increasing numbers of bureaucrats be employed by the government to manage the supply of benefits to an ever increasing network of dependents?
- Should political leaders be allowed to run deeper and deeper budget deficits and commit future governments to higher levels of spending and higher rates of tax?
- Should Australia discourage foreign investment?

The answer from many sides is that the European model of governance is good and that Australia should embrace a large state, an ever increasing bureaucracy and repudiate the classical institutions that have served Australia so well for two centuries. Make no mistake, with the advent of 24/7 media and globalisation, Europhiles call on Australia to rail against Brexit and embrace European values.

We have already succumbed to Eurovision, let us not make the mistake of embracing the EU as well.

Let us hope that Britons vote for Brexit – not only for Britain’s sake, but for ours.
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