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Rédaction en **français** d'une note de synthèse à partir d'un dossier constitué de textes à caractère politique ou économique se rapportant à des faits contemporains, rédigés en anglais

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(Durée : 4 heures - Coefficient : 5)

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A partir des seuls documents joints, vous rédigerez une note de synthèse de 3 à 4 pages (environ 750 mots) en français sur le sujet suivant :

« Quels sont les aspects positifs et négatifs du budget commun de l'UE et de l'accroissement éventuel de ses ressources ? »

Documents joints

THE PARLIAMENT
POLITICS, POLICY AND PEOPLE MAGAZINE

Eurosceptic MEPs condemn EU Parliament's call for budget increase

30/09/2015

Leading Brexit campaigner Nigel Farage seizes on decision as proof that 'the longer UK stays in EU, the more it costs'.

The European Parliament has voted to reverse plans to cut the EU'S 2016 budget.

MEPs instead pledged an extra €4.4bn to help with "challenges" posed by the refugee crisis, unemployment and problems within the agri-food sector.

The move by the Parliament's influential budgets Committee follows the proposal in July by national governments to reduce next year's EU budget to €142.1bn, down from the European Commission's initial proposal of €143.5bn.

The committee's decision to reverse the council's cuts proved unpopular with the Parliament's Eurosceptic MEPs. British deputies were particularly vocal, with UK Conservative budgets spokesman Richard Ashworth saying, "my colleagues in the European Parliament have not lived up to their commitment to responsible budgeting."

He went on to describe the committee's demands as "unrealistic and unreasonable" saying the Parliament "risks jeopardising funding that will be used to alleviate the migration crisis and are putting lives at risk."

Nigel Farage, chair of Parliament's Eurosceptic Europe of Freedom and Direct Democracy Group (EFDD) and a leading figure in the UK's Brexit campaign, also disapproved, tweeting that the "European Union wants another €519m of British taxpayers' money. The longer we stay in EU, the more it costs us."

Jonathan Arnott, an EFDD colleague of Farage on the budgets committee, said, "I am completely opposed to this budget increase. Sadly, the budgets committee of the European Parliament has shown itself once again to be completely out of touch with the British people."

The brewing institutional row over the EU's budget is likely to cause particular problems for UK Prime Minster David Cameron, as any increase will be seen as justifying Eurosceptic claims that the union is a drain on Britain's finances.

Robert Oxley, campaigns director for the anti-EU campaign group, Business for Britain, said, "the cost of the EU budget continues to spiral, just as ministers are asking us to tighten our belts at home. The fundamental problem is Britain does not have control over how the EU spends our money and next to nothing is done when it is found to be being wasted."

Pawel Swidlicki, a policy analyst for leading European think tank Open Europe, also criticised the move saying, "there is ample scope for the EU to increase its spending on the refugee crisis by reprioritising existing funds from within the EU budget which remains wasteful and inefficient."

Under the terms of the draft proposals, MEPs added €500 million for dairy farmers hit by falling prices, a commitment agreed by member states in an emergency meeting held earlier this month.

They also included €1.2bn to help EU agencies including Frontex, the EU border agency and Europol, the EU police agency, cope with the current refugee crisis.

A resolution on the committee's decision will be voted on in October's Strasbourg plenary session and is expected to pass with a majority.

The budget approved by MEPs is not final but a starting point for negotiations with EU member states.

Reflecting on this, Ashworth said, "it is really only a negotiating position, and I predict the UK Chancellor and his colleagues will be successful in severely pegging back the end result when we get into detailed talks involving national governments."

The Parliament Magazine,

IBT International Business Times

EU referendum: How much member states contribute to the budget and what they get out

David Cameron, the UK prime minister, has called a referendum on the UK's membership of the EU. Reuters

As Britain prepares for a referendum on staying in the European Union (EU), just how much the country pays out every year to Brussels will be fuel for the debate.

All of the 28 member states pay into a central EU pot. That money is then redistributed around the EU, with more going to poorer countries to help them develop into strong modern economies by improving their infrastructure. The idea is that the whole of the EU is only as strong as its constituent parts. So developing poorer states makes sense because it will benefit everyone by boosting growth, demand, consumption and so on.

But eurosceptics in Britain argue it is not our taxpayers' responsibility to subsidise development projects and spending in other countries. Instead, they say the money should be kept in the UK. After all, we have our own infrastructure problems -- just look at the ageing rail network.

Of course, membership of the EU is about more than how much you get allocated from the budget -- there is a bigger picture. Membership allows people, goods and money to flow unfettered across borders, which gives a significant boost to EU states. The EU is a giant free market with over 500 million citizens. And for those on the left of politics, there are a number of social protections the EU affords for workers, such as holiday entitlement, working hours restrictions, and so on.

However, the numbers do matter. When you compare how much the UK received in 2014 from the EU budget against what it paid in, it is a net contributor by €4.6bn (£3.31bn, $5bn). For Germany, which is the EU's largest economy, this is even higher -- it is a net contributor to the budget by €14.33bn (£10.32bn). France, the second largest economy, contributed €6.1bn (£4.39bn).

And the two poorest EU economies got more out than they put in. Bulgaria, the poorest, was a net beneficiary by €1.85bn (£1.33bn). Romania, the second poorest, got €4.59bn (£3.31bn) more out than went in. Greece, whose economy has been crippled by years of financial and economic crisis, took out €5.18bn (£3.73bn) more than it put in.

International Business Times, 27/10/2015

European Commission

EU budget for 2016 adopted

The EU budget for 2016 has been adopted. One day after the Council, the European Parliament confirmed the deal reached during the Conciliation earlier this month. Next year's budget is set at EUR 155 billion in commitments and EUR 144 billion in payments.

The 2016 budget will significantly strengthen the EU response to the refugee crisis both within and outside the EU. More money will go to aid for refugees in our neighbourhood. It will also boost investment in competitiveness, jobs and growth, supporting the recovery of the European economy.

Some key features of the 2016 budget include:

- More than EUR 4 billion to address the refugee crisis both in the EU and in the countries where refugees are coming from. This brings the total EU funding for the refugee crisis in 2015 and 2016 close to EUR 10 billion.
- EUR 69.8 billion in commitments (nearly half of the annual budget) to stimulate growth, employment and competitiveness.
- EUR 2 billion in commitments and EUR 500 million in payments to unlock EUR 315 billion of investments for Europe with the guarantees from the European Fund for Strategic Investments (EFSI).
- EUR 10 billion in payments (11.6% more than in 2015) to invest in research and innovation mainly through Horizon 2020 programme.
- EUR 1.8 billion in payments (30% more than in 2015) to enable young people work and study across the EU through Erasmus+, the European programme for education, training, youth and sport.

Background

Every year in spring the European Commission tables a draft EU budget. This year, the Commission tabled its initial proposal on 27 May 2015 and amended it twice since: first on 26 June 2015 to reflect the agreement on EFSI and then on 14 October 2015 to increase the support for EU farmers and refugees.

On that basis, the European Parliament and the Council each take a position. This year, the Council prepared its position in July and formally adopted it on 4 September 2015, while the European Parliament adopted its position on 28 October 2015.

When there are differences between the positions of the European Parliament and the Council, they engage in a negotiation process known as the 'conciliation procedure'.

The negotiations are conducted by a specially convened Conciliation Committee, to which the European Parliament and the Council each send 28 representatives. The European Commission - the Vice-President in charge of the budget as well as experts from the Directorate-General for Budget - is also present. The Commission acts as honest broker, and strives to facilitate an agreement between the European Parliament and the Council.

This year, negotiations started on 29 October 2015 and were supposed to last until 18 November 2015 but an agreement was already found in the early morning of 14 November 2015. To seal the compromise reached in the budgetary talks, the Council approved (by unanimity) the agreed text on 24 November 2015, followed by the Parliament on 25 November 2015 (by 516 votes to 179, with 8 abstentions).

European Commission, 25/11/2015

IBT International Business Times

EU Brexit 2016: Why Central And Eastern European States Don’t Want Britain To Leave

As the European Union’s members closely watch the “in” or “out” campaigns in Britain ahead of the June 23 vote on whether or not to remain in the EU, the bloc’s newest members in Central and Eastern Europe are especially nervous.

Since joining the EU in enlargement waves over the last 12 years, the weaker economies of Central and Eastern Europe have enjoyed economic growth because of Brussels' spending, fueled in part by Britain's robust economy. With the prospect of a so-called Brexit looming, countries including Poland, Lithuania, Romania and Bulgaria are among the strongest supporters of keeping Britain in the economic bloc as politicians and residents alike have expressed fear about the possible repercussions of a Brexit for their own economies.

A British Cabinet Office report published Monday estimated the loss of one of the European Union's major economic powerhouses would result in a decade-long exit process coupled with economic uncertainty for the U.K. and remaining EU members. After Germany, France and Italy, Britain is the fourth-highest contributor to the EU’s economy and that funding has helped new member states increase their gross national income (GNI).

“The absence of the U.K. in the EU, I think would put Central Europe in a position of asking what the EU is about, is there any practical means for the EU outside of a political union?” said Simeon Djankov, a visiting fellow at the Peterson Institute for International Economics think tank in Washington, D.C., who served as Bulgaria’s finance minister from 2009 to 2013. “The U.K. is a very significant contributor and growth in a number of Eastern European countries over nearly the last decade has been predicated on receiving substantial net inflows from EU funds primarily for infrastructure.”

That growth has been most evident in Poland, which became a member state in 2004 and has been the largest recipient of EU funds for several years, leading to widespread infrastructure development with high-speed trains and new highways. Membership has also allowed the Polish labor force to travel and work throughout Europe, with the highly educated “Polish plumber” becoming a fact of life in the U.K.

Poland, Romania and Bulgaria all receive more money than they contribute to the EU's budget, while the opposite is true for Germany and France — the top two contributors. EU policy dictates that the larger a member's economy the more it pays, not to "redistribute wealth but rather to focus on the needs of all Europeans as a whole." For Germany, total EU spending is 0.39 percent of its GNI, for France it is 0.62 percent, and for the U.K. it is 0.32 percent. The figures jump in Central and Eastern Europe, with EU spending contributing 4.4 percent to Poland's GNI, 5.05 percent to Bulgaria's and 4.06 percent to Romania's.

“It is not in Poland’s interest that the U.K. leaves the European Union. We think it would lead to a big crisis and even a collapse if the U.K. left,” said Polish President Andrzej Duda in January. “In the referendum, we want the British people to vote in favor of staying in the EU.”

A recent survey complied by Lord Ashcroft polls asked more than 28,720 people across the EU between Jan. 20 and Feb. 1 if they wanted Britain to remain in the union. The highest “yes” answer came from Lithuania, which became a member state in 2004. EU spending on Lithuania accounts for 5.36 percent to its GNI. In 2014, the small Baltic state contributed over $320 million to the EU budget, but total EU spending on the country was more than $2 billion. Newer members, including Romania, Bulgaria, Poland, Estonia and Hungary, all polled “yes” at higher percentages than founding member states like Germany, France and Belgium. The two regional outliers, the Czech Republic and Slovenia, both have low rates of migration to the U.K. and get a lower part of their GNI from the EU than do newer members.

Photo: Cars travel on the A2 highway linking Warsaw with Western Europe close to the junction with highway A1 outside the town of Strykow. Poland has benefited from receiving EU structural funds that have gone toward improving infrastructure. s

If a Brexit does take place, economist Anders Åslund of the Atlantic Council think tank in Washington said the immediate impact for Central and Eastern European states would be small because Britain is tied to the EU budget until 2020. But he said the overall impact could lead to the collapse of the EU, just as Polish President Duda argued.

“The tightening of immigration for Central and Eastern European countries will be more severe, because whatever Brexit will mean, it will mean work immigration from Central and Eastern European countries will cease and that would be a serious source of popular dissatisfaction,” Åslund said.

Romanian and Bulgarian migration to the U.K. has grown significantly since 2013, and British Prime Minister David Cameron debated benefits for migrants in Brussels before returning to London to work for the stay-in-the-EU campaign. A Brexit has also raised concerns over remittance payments from the U.K. to Central and Eastern Europe, with Poland among the top five countries receiving remittances from the U.K., according to a report from the World Bank.

Along with economic worries, the Brexit debate has cast doubt on whether candidate countries and potential candidates will have a shot of joining the economic bloc in the coming years.

“Central Europe is still excited about the prospect of the Balkans also entering the EU in the observable future in the next 5 to 6 years … [Brexit] will postpone it very significantly,” Djankov said.

International Business Times, 03/02/2016

Institute for Fiscal Studies

E·S·R·C ECONOMIC & SOCIAL RESEARCH COUNCIL

The EU Budget: a guide

Date: 06 April 2016

Authors: James Browne , Paul Johnson and David Phillips

Publisher: Institute for Fiscal Studies

In a new report and accompanying interactive online tool out today IFS researchers provide an explanation of how the EU budget works, its size, where revenues come from and what the main areas of spending are. They also provide an estimate of the UK's net contributions to the EU. The overall net contribution will be a little over £8 billion a year going forward, though it fluctuates from year to year and was £7.5 billion in 2012, £9.1 billion in 2013 and £5.7 billion in 2014.

This is *not* an estimate of how much stronger the public finances would be if we were to leave the EU. That would depend in part on the deal reached with EU – it is possible that an alternative arrangement of relations with the remaining EU countries would involve the UK continuing to make significant contributions to the EU Budget. More importantly it would depend on the economic effects of leaving. We will come back to the overall fiscal consequences of Brexit in a later publication.

The EU budget and the UK contribution

The overall EU budget is about 1% of the EU's GNI (Gross National Income) and GDP. That compares with national budgets of between 35% and 58% of GDP. European Commission figures show that the UK's gross contribution to the EU Budget was £11.3 billion in 2014, compared to total UK public spending of £734 billion. We received back £5.6 billion through various programmes leaving a UK net contribution of £5.7 billion.

Different numbers have been put in the public domain. Much larger numbers for the gross contribution (figures of £18.8 billion in 2014, £17.8 billion in 2015 have been quoted) don't take account of the UK's rebate. Ignoring the rebate in this way does not seem sensible.

As for net contributions we have taken our figures from the European Commission, which include flows from the EU which don't go through Whitehall departments – for example grants to universities – since this is money that comes back to the UK even if it does not go via the UK government. Other figures, which exclude these flows and account for the timing of payments in a different way to the European Commission figures mentioned above, give a net contribution of £9.8 billion in 2014. The OBR has forecasted that the net contribution calculated on this basis will average £9.6 billion a year between 2015 and 2020. Since the receipts by the non-governmental sector that are excluded from these figures are around £1-£1.5 billion a year, we can expect the UK's overall net contribution to average just over £8 billion a year in the medium term, although it's important to note that figures can jump about rather a lot from year to year.

Funding and spending the budget

If those are the headline figures, what else can be said about the EU budget?

The EU's budget is rather complex and opaque. While there is a rational process in place to determine its size and allocation it is, perhaps inevitably, subject to considerable political horse trading between countries. The UK's rebate on its contributions to the EU budget is perhaps the most famous of the special deals negotiated by a member state but it is far from unique. There are numerous allowances, rebates, additional allocations and the like negotiated within it.

It raises most of its revenues from three sources. Nearly three quarters comes simply from **GNI based contributions** – that is countries contribute according to their Gross National Income. This is a pretty straightforward and sensible basis for funding. About 13% of the EU budget comes from so called **"VAT based contributions"**. This is neither straightforward nor sensible as contributions are based on a hypothetical VAT base that no EU member state actually applies. This element remains because of earlier hopes that VAT could be fully harmonised and a source of EU revenue. This method disadvantages countries in which spending on goods and services that form part of this hypothetical construct constitute a large fraction of national income. Finally **tariffs on goods entering the EU** provide the remainder of the budget. These tariffs sensibly belong to the EU given that the goods are entering a single EU wide market. The fact that countries which collect the tariffs get to keep 25% (falling to 20%) as costs of collection, though, seems less reasonable. The average cost of collecting taxes is, thankfully, a tiny fraction of this.

The spending side of the EU budget is dominated by two spending areas which together account for over three quarters of the budget: **Structural and cohesion funds** on the one hand, and **agriculture and rural development** on the other, each account for about 38% of total EU spending.

Cohesion funds go to the poorer EU nations – those with GNI per capita below 90% of the average. Given the way the EU is funded they, alongside the structural funds which go to poorer regions, ensure that the EU budget is redistributive from richer countries such as the UK to poorer countries, largely in Eastern and Southern Europe. Recall though that the total budget is just 1% of GNI so the scale of redistribution is inevitably limited.

Structural funds go to regions within countries according to how poor they are relative to the EU average, but also according to levels of employment and population sparsity. Relative to other rich countries the UK looks like it should do relatively well from these funds because it has some really quite poor regions such as West Wales and the Valleys and Cornwall. In fact this is offset by our high employment rates and high population density and a relatively poor track-record of getting European Commission approval for projects to be funded from our structural funds allocation. A number of other countries such as Germany have also negotiated special deals for regions that would usually not qualify under the standard rules.

The **agriculture and rural development budgets** remain large, though they have been shrinking as a fraction of the total budget. They have also been reformed such that they no longer directly subsidise production – we no longer create wine lakes and butter mountains. The exact basis for their allocation is obscure though – and this is deliberately so. The idea is that by avoiding explicitly spelling out the formulae used, that it is easier for agreement to be reached (otherwise much time may be spent by member states trying to tweak the formulae in ways that benefit them and can attract the support of other influential members). The cost is a lack of transparency.

The UK gets relatively little from these budgets, partly because we have relatively little farmland given the size of our population and partly because, for historical reasons, we get lower payments per hectare of farmland than many other countries. It was, in large part, because of these relatively low receipts that the UK negotiated for and obtained its rebate back in the 1980s.

There is clearly room for reform and improvement of the budget and budget processes on both the spending and revenue side. But since the overall fiscal flows between the UK and the EU are relatively small – our gross contribution is around 2% of public spending, our net contribution around 1% - the scale of the benefits to the UK from improving the budget processes should not be overestimated.

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Vox / Vox Media

Brexit: the 7 most important arguments for Britain to leave the EU

On Thursday, Britain voted to leave the European Union— an option dubbed "Brexit." Almost 52 percent of Britons voted in favor of leaving.

Although the "leave" campaign often focused on emotional arguments about immigration, there are in fact many reasons those in favor of leaving believed it would benefit the UK. They came from across the political spectrum, and some of the arguments even contradict others. Here are seven of the most significant.

Argument 1: The EU threatens British sovereignty

This is probably the most common argument among intellectual-minded people on the British right, expressed by Conservative politicians such as former London Mayor Boris Johnson and Justice Minister Michael Gove.

Over the past few decades, a series of EU treaties have shifted a growing amount of power from individual member states to the central EU bureaucracy in Brussels. On subjects where the EU has been granted authority — like competition policy, agriculture, and copyright and patent law — EU rules override national laws.

Euroskeptics emphasize that the EU’s executive branch, called the European Commission, isn’t directly accountable to voters in Britain or anyone else. British leaders have some influence on the selection of the European Commission’s members every five years. But once the body has been chosen, none of its members are accountable to the British government or to Britons’ elected representatives in the European Parliament.

Argument 2: The EU is strangling the UK in burdensome regulations

Critics like Johnson say the EU’s regulations have become increasingly onerous:

Sometimes these EU rules sound simply ludicrous, like the rule that you can’t recycle a teabag, or that children under eight cannot blow up balloons, or the limits on the power of vacuum cleaners. Sometimes they can be truly infuriating – like the time I discovered, in 2013, that there was nothing we could do to bring in better-designed cab windows for trucks, to stop cyclists being crushed. It had to be done at a European level, and the French were opposed.

Many British conservatives look at the European bureaucracy in Brussels the same way American conservatives view the Washington bureaucracy. Gove has argued that EU regulations cost the British economy "£600 million every week" ($880 million). (Though this figure is disputed.)

Argument 3: The EU entrenches corporate interests and prevents radical reforms

This is the mirror image of the previous two arguments. Whereas many British conservatives see the EU as imposing left-wing, big-government policies on Britain, some on the British left see things the other way around: that the EU's antidemocratic structure gives too much power to corporate elites and prevents the British left from making significant gains.

"The EU is anti-democratic and beyond reform," said Enrico Tortolano, campaign director for Trade Unionists against the EU, in an interview with Quartz. The EU "provides the most hospitable ecosystem in the developed world for rentier monopoly corporations, tax-dodging elites and organized crime," writes British journalist Paul Mason.

This left-wing critique of the EU is part of a broader critique of elite institutions more generally, including the World Trade Organization, the International Monetary Fund, and the World Bank. Brexit supporters on the left would have a lot in common with Americans who are against trade deals like the Trans-Pacific Partnership.

Argument 4: The EU was a good idea, but the euro is a disaster

The United Kingdom has had a significant faction of euroskeptics ever since it joined the EU in 1973. But until recently, this was a minority position.

"There are nearly 130 Conservative MPs who have declared for leaving the EU," economist Andrew Lilico told me last week. "If you went back 10 years, you would have struggled to find more than 20 who even in private would have supported leaving the EU."

So what changed their minds? The global recession that began in 2008 was bad around the world, but it was much worse in countries that had adopted Europe's common currency, the euro. The unemployment rate shot up above 20 percent in countries like Greece and Spain, triggering a massive debt crisis. Seven years after the recession began, Spain and Greece are *still* suffering from unemployment rates above 20 percent, and many economists believe the euro was the primary culprit.

Luckily, the UK chose not to join the common currency, so there's little danger of the euro directly cratering the British economy. But the euro's dismal performance still provides extra ammunition to Brexit supporters.

Many economists believe that deeper fiscal and political integration will be needed for the eurozone to work properly. Europe needs a common welfare and tax system so that countries facing particularly severe downturns — like Greece and Spain — can get extra help from the center.

But that makes Britain's continued inclusion in the EU awkward. Britain is unlikely to go along with deeper fiscal integration, but it would also be unwieldy to create a set of new, parallel eurozone-specific institutions that excluded the UK.

So, the argument goes, it might be better for everyone if the UK got out of the EU, clearing the path for the rest of the EU to evolve more quickly into a unified European state.

Argument 5: The EU allows too many immigrants

The intellectual case for Brexit is mostly focused on economics, but the emotional case for Brexit is heavily influenced by immigration. EU law guarantees that citizens of one EU country have the right to travel, live, and take jobs in other EU countries.

British people have increasingly felt the impact of this rule since the 2008 financial crisis. The eurozone has struggled economically, and workers from eurozone countries such as Ireland, Italy, and Lithuania (as well as EU countries like Poland and Romania that have not yet joined the common currency) have flocked to the UK in search of work.

"In recent years, hundreds of thousands of Eastern Europeans have come to Britain to do a job," British journalist and Brexit supporter Douglas Murray told me last week. This, he argues, has "undercut the native working population."

The UK absorbed 333,000 new people, on net, in 2015. That's a significant number for a country Britain's size, though according to the CIA the UK still received slightly fewer net migrants, relative to population, than the United States in 2015.

Immigration has become a highly politicized issue in Britain, as it has in the United States and many other places over the past few years. Anti-immigration campaigners like Nigel Farage, the leader of the far-right UK Independence Party, have argued that the flood of immigrants from Southern and Eastern Europe has depressed the wages of native-born British workers. Some voters are also concerned about immigrants using scarce public services.

"One of the causes for the great public disgruntlement," Murray argues, is that Labour governments at the turn of the century "massively understated the numbers [of immigrants] to be expected," creating public distrust of current pledges to keep migration under control.

Argument 6: The UK could have a more rational immigration system outside the EU

While many Brexit supporters simply want to reduce the amount of immigration overall, others argue that the UK could have a more sensible immigration system if it didn't have the straitjacket of the EU.

EU rules require the UK to admit all EU citizens who wants to move to Britain, whether or not they have good job prospects or English skills.

"Leave" advocates argue that the UK should be focused on admitting immigrants who will bring valuable skills to the country and integrate well into British culture. They mention the point-based immigration systems of Canada and Australia, which award potential migrants points based on factors like their language and job skills, education, and age. That, "leave" advocates argue, would allow the UK to admit more doctors and engineers who speak fluent English, and fewer unskilled laborers with limited English skills.

Argument 7: The UK could keep the money it currently sends to the EU

The EU doesn't have the power to directly collect taxes, but it requires member states to make an annual contribution to the central EU budget. Currently, the UK's contribution is worth about £13 billion ($19 billion) per year, which is about $300 per person in the UK. ("Leave" supporters have been citing a larger figure, but that figure ignores a rebate that's automatically subtracted from the UK's contribution.)

While much of this money is spent on services in the UK, Brexit supporters still argue that it would be better for the UK to simply keep the money and have Parliament decide how to spend it.

Vox/Vox Media, 25/06/2016

Brexit

EU referendum: What are the pros and cons of Brexit?

Jun 27, 2016

Arguments for leaving the European Union swayed a small majority of voters

On 23 June, the UK finally settled the question that's been rumbling close to the surface of British politics for a generation: should the country remain within the European Union or go it alone.

The final result went 52 to 48 per cent in favour of Brexit - so what are the pros and cons of leaving the European Union?

How we got here

The Conservative's general election victory last year activated a manifesto pledge to hold a referendum on Britain's membership of the European Union by the end of 2017.

David Cameron made the promise at a time when he was under pressure from Eurosceptic backbenchers – and when the Tories appeared to be losing votes to Ukip. Most political commentators agree that, given a free hand, he would not have wanted a referendum.

Last winter, the Prime Minister embarked on a tour of EU capitals as he sought to renegotiate Britain's terms of membership, which concluded at a summit in February. Presenting the result as a victory, he vowed to campaign with his "heart and soul" to keep Britain inside a "reformed" EU, but several members of his own cabinet campaigned for a British exit – or "Brexit".

Minutes after the vote closed on Thursday, it appeared the UK would stay in the EU. Even Ukip's Nigel Farage said it "looks like Remain will edge it".

However, when the final results came in, it was the Leave campaign that had won, prompting Cameron to announce that he would resign as prime minister before the Conservative Party conference in October.

The pros and cons of leaving the EU

The greatest uncertainty associated with leaving the EU is that no country has ever done it before, so no one can predict the exact result.

Membership fee

Leaving the EU would result in an immediate cost saving, as the country would no longer contribute to the EU budget, argue Brexiters. Last year, Britain paid in £13bn, but it also received £4.5bn worth of spending, says Full Fact, "so the UK's net contribution was £8.5bn". That's about 7 per cent of what the Government spends on the NHS each year.

What's harder to determine is whether the financial advantages of EU membership, such as free trade and inward investment (see below) outweigh the upfront costs.

Trade

The EU is a single market in which no tariffs are imposed on imports and exports between member states. "More than 50 per cent of our exports go to EU countries," says Sky News. Membership of the bloc means we have always had a say over how trading rules are drawn up.

Britain also benefits from trade deals between the EU and other world powers. "The EU is currently negotiating with the US to create the world's biggest free trade area," says the BBC, "something that will be highly beneficial to British business."

Britain risks losing some of that negotiating power by leaving the EU, but it would be free to establish its own trade agreements.

Ukip leader Nigel Farage believes Britain could follow the lead of Norway, which has access to the single market but is not bound by EU laws on areas such as agriculture, justice and home affairs. But others argue that an "amicable divorce" would not be possible.

"If Britain were to join the Norwegian club," says The Economist, "it would remain bound by virtually all EU regulations, including the working-time directive and almost everything dreamed up in Brussels in future." And it would no longer have any influence on what those regulations said.

Leading Brexit campaigner Boris Johnson, meanwhile, has proposed adopting a Canada-style trade arrangement. "I think we can strike a deal as the Canadians have done based on trade and getting rid of tariffs" and have a "very, very bright future", he said. The idea was quickly dismissed by Cameron at the time, who said it would mean "years of painful negotiations and a poorer deal than we have today".

Eurosceptics argue that the vast majority of small and medium sized firms do not trade with the EU but are restricted by a huge regulatory burden imposed from abroad.

A study by the think-tank Open Europe, which campaigned to see the EU radically reformed, found that the worst-case "Brexit" scenario is that the UK economy loses 2.2 per cent of its total GDP by 2030 (by comparison, the recession of 2008-09 knocked about 6 per cent off UK GDP). However, it says that GDP could rise by 1.6 per cent if the UK was able to negotiate a free trade deal with Europe – ie to maintain the current trade set-up – and pursued "very ambitious deregulation".

Whether other EU countries would offer such generous terms is one of the big unknowns of the debate. Pro-exit campaigners argued that it would be in the interests of other European countries to re-establish free trade, but their opponents suggested that the EU would want to make life hard for Britain in order to discourage further breakaways.

France also warned recently that there would be "consequences" for Britain if it left the EU.

Investment

Inward investment was always predicted to slow in the run-up to the vote, due to the uncertainty of the outcome and its consequences: that's what happened in before the Scottish independence referendum in 2014.

In the long term, there are diverging views: pro-Europeans think the UK's status as one of the world's biggest financial centres will be diminished if it is no longer seen as a gateway to the EU for the likes of US banks, while Brexit campaigners suggest that, free from EU rules a regulations, Britain could reinvent itself as a Singapore-style supercharged economy.

Fears that car-makers could scale back or even end production in the UK if vehicles could no longer be exported tax-free to Europe were underlined by BMW's decision to remind its UK employees at Rolls-Royce and Mini of the "significant benefit" EU membership confers. Likewise, Business for New Europe said tax revenues would drop if companies that do large amounts of business with Europe – particularly banks – moved their headquarters back into the EU.

Barclays, however, put forward a worst-case scenario that might have benefitted the Outers. It said the departure of one of the EU's most powerful economies would hit its finances and boost populist anti-EU movements in other countries. This would open a "Pandora's box", said the Daily Telegraph, which could lead to the "collapse of the European project".

The UK would then be seen as a safe haven from those risks, attracting investors, boosting the pound and reducing the risk that Scotland would "leave the relative safety of the UK for an increasingly uncertain EU".

Sovereignty

For Brexiters, sovereignty was seen as a simple win: few disagree that EU membership involves giving up some control over our own affairs.

Labour MP Kate Hoey says the EU is "an attempt to replace the democratic power of the people with a permanent administration in the interests of big business". Those on the right of the Conservative party may disagree with her emphasis, but they agree that EU institutions have drained power from the British Parliament.

"The trouble is that most of us have no clue as to how the Brussels monolith works, or who's in charge," said Stay or Go, the Connell Guide to the EU referendum. But, it said, we have only ourselves to blame. "We've made it that way" because too many of us "can't be bothered to vote" in European elections.

For those in the Remain camp, EU membership involved a worthwhile trade of sovereignty for influence: in return for agreeing to abide by EU rules, Britain had a seat around the table at which they are set - and, say campaigners, its voice was amplified on the world stage as a result.

"The truth is that pulling up the drawbridge and quitting the EU will not enhance our national sovereignty," warned Labour's Hilary Benn, who was sacked as shadow foreign secretary this week after complaining about Jeremy Corbyn's leadership. "All it would do is to weaken it by taking away our power to influence events in an ever more complex and interdependent world."

Nor, said Remainers, will UK sovereignty be absolute out of the EU: the British government would still be bound by membership of Nato, the UN, the World Trade Organisation, and various treaties and agreements with other nations.

Immigration

Under EU law, Britain cannot prevent anyone from another member state coming to live in the country – while Britons benefit from an equivalent right to live and work anywhere else in the EU. The result has been a huge increase in immigration into Britain, particularly from eastern and southern Europe.

According to the Office for National Statistics, there are 942,000 eastern Europeans, Romanians and Bulgarians working in the UK, along with 791,000 western Europeans – and 2.93m workers from outside the EU. China and India are the biggest source of foreign workers in the UK.

Remainers say that, while the recent pace of immigration has led to some difficulties with housing and service provision, the net effect has been overwhelmingly positive. By contrast, Farage insisted immigration should be cut dramatically, and that leaving the EU was the only way to "regain control of our borders". Other pro-Brexit campaigners would not necessarily reduce immigration, but said that it should be up to the British Government to set the rules.

Cameron claimed that the concessions he won during the renegotiation of Britain's EU membership would reduce immigration as new arrivals will receive a lower rate of child benefit.

Jobs

The effect of leaving the EU on British jobs depends on a complex interplay of the factors above: trade, investment and immigration.

Pro-EU campaigners suggested that three million jobs could be lost if Britain goes it alone. However, while "figures from the early 2000s suggest around three million jobs are linked to trade with the European Union," says Full Fact, "they don't say they are dependent on the UK being an EU member."

If trade and investment falls now the UK has voted for Brexit, then some of these jobs would be lost – but if they rose, then new jobs would be created.

A drop in immigration would, all else being equal, mean more jobs for the people who remained, but labour shortages could also hold back the economy, reducing its potential for growth.

Stuart Rose, former Marks & Spencer chief executive and a prominent pro-EU campaigner, conceded recently that wages may rise if Britain leaves – which would be good for workers, but less so for their employers.

Writing for the London School of Economics, Professor Adrian Favell said limiting freedom of movement would deter the "brightest and the best" of the continent from coming to Britain and reduce the pool of candidates employers can choose from.

Free movement of people across the EU also opened up job opportunities for British workers seeking to work elsewhere in Europe.

Britain's place in the world

For Outers, leaving the EU will allow Britain to re-establish itself as a truly independent nation with connections to the rest of the world. But Remainers fear that Brexit will result in the country giving up its influence in Europe, turning back the clock and retreating from the global power networks of the 21st century.

Brexit would bring some clear-cut advantages, said The Economist before the referendum. The UK "would regain control over fishing rights around its coast", for example. But it concluded that the most likely outcome would be that Britain would find itself "a scratchy outsider with somewhat limited access to the single market, almost no influence and few friends".

The UK will remain a member of Nato and the UN, but it may be regarded as a less useful partner by its key ally, the US. The American government said it feared that the "EU referendum is a dangerous gamble that could unravel with disastrous consequences for the entire continent".

Security

Former work and pensions secretary Iain Duncan Smith, who was in favour of Brexit, said we were leaving the "door open" to terrorist attacks by remaining in the EU. "This open border does not allow us to check and control people," he said.

However, a dozen senior military figures, including former chiefs of defence staff Lord Bramall and Jock Stirrup, argued the opposite. In a letter released by No 10, they said that the EU is an "increasingly important pillar of our security", especially at a time of instability in the Middle East and in the face of "resurgent Russian nationalism and aggression".

Defence Secretary Michael Fallon has also said the UK benefitted from being part of the EU, as well as Nato and the United Nations. "It is through the EU that you exchange criminal records and passenger records and work together on counter-terrorism," he said. "We need the collective weight of the EU when you are dealing with Russian aggression or terrorism."

In contrast, Colonel Richard Kemp, writing in The Times, said these "critical bilateral relationships" would persist regardless of membership, and that it was "absurd" to suggest that the EU would put its own citizens, or the UK's, at greater risk by reducing cooperation in the event of Brexit.

"By leaving, we will again be able to determine who does and does not enter the UK," said Kemp, a former head of the international terrorism team at the Cabinet Office. "Failure to do so significantly increases the terrorist threat here, endangers our people and is a betrayal of this country."

The Week, 27/06/2016

Debating Europe

Arguments for and against fiscal union

AGAINST fiscal union	FOR fiscal union
1. LOCAL PROBLEMS NEED LOCAL SOLUTIONS As long as the European Union is made up of independent nations with their own elected governments, their problems are going to be essentially local and they will need local solutions. Squeezing them into the same monetary straightjacket has clearly failed and adding a fiscal union would just exacerbate an already unsustainable situation. Governments need flexibility to deal with their own problems. Fiscal union would entail a ballooning of the EU budget – provoking endless bickering among the 27 (or more) member states on how to share it out, not to mention the expanded scope for graft and bureaucratic inefficiency. It's a recipe for gridlock.	**1. NO EMU WITHOUT EFU** The ongoing European debt crisis has provided daily evidence that monetary union cannot work without fiscal union. The Eurozone is clearly unable to manage its macro-economic imbalances without some sort of federal structure to oversee revenue collection and expenditure. Without it, the euro will always be vulnerable to asymmetric shocks. Combining supranational monetary policies with national fiscal policies is unsustainable. A fiscal union run by a fully empowered EU Finance Ministry under proper democratic oversight will give the Union strength and stability, mutualizing credit risk while imposing tough fiscal discipline.
2. DEMOCRATIC DEFICIT Fiscal union is another nail in the coffin of national independence. Setting budgets is a core responsibility of sovereign parliaments. Transferring that power to some distance, opaque Brussels institution would be deeply undemocratic. History tells us citizens will not accept taxation without representation. An unpopular fiscal union would hand piles of ammunition to anti-European political demagogues, undermining the foundations of the Union.	**2. UNITED WE STAND** In 1990, EU nations made up half the world's 10 biggest economies. By 2050, Europeans will struggle to have two in the top flight. Closer economic union is the only way to halt Europe's decline in the new global environment. The current half-baked arrangements just won't do. Unless a strong fiscal element is adopted, predatory markets will be able to pick off the weakest members of the euro herd. Fiscal union would raise Europe's market credibility and eurobonds would rival US treasuries.

3. WE’LL ALL PAY MORE	3. EVER GREATER UNION
The tax harmonization that will follow fiscal union will only move in one direction: up. We’ll all end up paying more. Countries like Ireland or Slovakia that boosted their economies with innovative revenue policies will be forced to apply job-destroying high taxes as part of a French-led crusade against “fiscal dumping.” Another blow to Europe’s competitiveness.	Fiscal union would be a major step towards a true political union. It would have to be administered by real federal bodies. Central tax resources and mutualized debt would become powerful symbols of a united Europe. The need for strong democratic oversight will spur the creation of a revitalized European Parliament and directly elected Commission. That could evolve into the government of a United States of Europe able to stand up alongside the leading powers of the emerging multipolar world.
4. A FREELOADERS’ CHARTER Fiscal union oozes moral hazard. Loose spenders will be given an everlasting bailout fed by virtuous nations, led by Germany. By necessity the fiscal union will become a transfer union that punishes budgetary righteousness. The safety net for sinners will lessen their incentive to tighten belts and push through reforms their economies need. Keeping high-debt countries afloat artificially will eventually drag everybody down.	**4. EFFICIENCY** “It would … contribute in an eminent degree to an orderly, stable and satisfactory arrangement of the (union’s) finances.” So spoke Alexander Hamilton, US treasury secretary 1790 as he urged America’s founding states to join together in fiscal union. A European fiscal union, with proper institutions would be able to provide joined-up management of the EU economy as a whole. Ex-ante control would mean that wayward Irish, Spaniards or Greeks would not be able to recklessly inflate property bubbles or cook their budget books. The trust that responsible EU-wide economic management would engender will assure markets, draw investment and boost growth, creating a Europe thats more fair, stable and prosperous.

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