BREXIT AND ITS CONSEQUENCES

PERCEPTIONS AND OUTLOOK IN THE UK AND IN EUROPE

When Dr Hsu invited me to give a small presentation on this topic, he asked me to speak about the attitude of ordinary people in the UK to the results of the referendum on leaving the European Union.

I must confess that I have not lived in England since the age of 18, and in my childhood spent only two years in what I remember as the rather grim city of Birmingham, plus another four years in a boarding school which I found quite unpleasant. So I am not sure how well qualified I am to speak about the views and perceptions of ordinary people.

So I prudently broadened the scope of this presentation to "perceptions and outlook in the UK and in Europe", bringing into play my 30 years of experience working for the EU institutions. Let me add that although I have not lived many years in England, I was to a large extent brought up in the English culture, still read the British press every day, go to England at least once a year as both my brothers, their children, and until recently my mother all live in and around London. How representative they are, I'm not sure, as they all voted to remain in the EU and the younger generation was particularly outraged by the result of the referendum!

But Dr Hsu was right to focus on the question of perceptions, as this is a critical part of the Brexit story, and I would like to address this first of all from a historical perspective.

British history for the past 400 years has been defined by the creation and ultimately the loss of a vast maritime empire stretching around the globe, while the experience of the countries of continental Europe has for the most part been quite different.

Whereas Britain's priority was to stay aloof from Europe, secure within its borders across the channel and getting involved on the "continent" only to prevent the emergence of a dominant power that could threaten its interests, such as Napoleonic France or Imperial Germany, the countries of Europe were in a much more fluid environment, marked by changing borders, territorial gains and losses, and the expansion and contraction of kingdoms such as Hapsburg Spain.

While France has had the closest imperial experience to that of England, and was indeed its main rival in the formative years of the British empire, it was always embroiled in conflicts with its neighbours. Under Louis XIV, when France was the greatest land power in Europe, it spent much of its diplomatic energy to prevent the numerous small German states of the time entering into alliances against it. But it was also this period, in the late seventeenth/early eighteenth century, that witnessed the emergence of some of the earliest French ideas about some form of voluntary union between the countries of Europe as an alternative to constant warfare .

The German example is even more striking. Following the creation of a variety of customs unions among different German states from 1818, the process of German unification really took off with the Zollverein – customs union - of 1834. By 1866 this Zollverein included most of the German states, leading to the foundation of the German Empire in 1871. Though it should not be ignored that a decisive impetus for Empire came from Prussian military might, the idea that pooling economic sovereignty can over time lead to political unification is inscribed in the political genes of Germany. It also helps to explain German tolerance for the sometimes messy progress of the EU.

After all, not all states of the German empire were part of the Zollverein until 1888, and Luxembourg on the other hand was part of it until 1919.

Ideas and movements in support of one form or another of European unification proliferated during the 19th and 20th centuries. In 1818, the Russian Tsar Alexander even suggested a permanent European Union with international military forces to prevent any violent change of government.

After the carnage of the First World War, organised movements in favour of European unification became active on the "continent". But Britain's focus was on its empire and its position was well summed up by Churchill in the 1930s: "We are with Europe, but not of it. We are linked but not compromised. We are interested and associated but not absorbed." These words could very well sum up the attitude of Theresa May's government today.

It was only after the devastation of WWII, and with American support, that the impetus towards European unification took on full force.

In a famous speech at the University of Zurich in September 1946, Churchill called for a United States of Europe. Specifically he called for the establishment of a Council of Europe, which was founded by the Treaty of London in 1949. But although it had a complex constitutional structure including among others a Parliamentary Assembly, it remained essentially an inter-governmental organisation spanning too wide a range of views and political ideologies – the USSR and now Russia is a member – to play a decisive role in the process of European unification. Its biggest contribution came with the adoption of the 1950 European Convention on Human rights and the creation of the European Court of Human Rights, which was seen to play a vital role towards Glasnost much later on, after the Helsinki accords with the USSR.

The key point is that in the late 1940s and early 1950s Churchill and the British remained wedded to the idea of inter-governmental cooperation and refused to accept the pooling of sovereignty in wider European institutions. They also saw themselves as being different from the other Western European countries not only due to their imperial and commonwealth ties, but also because they counted themselves among the victors of WWII, whereas the others were all more or less defeated nations.

A decisive moment in the history of European unification came with the Schuman declaration of 1950, in which French Foreign Minister Robert Schuman proposed putting French and German coal and steel production under one common High Authority, with the declared intention of making war between the two impossible in the future. He further proposed that this organisation be open to other European countries and equally made it clear that this was designed as the beginning of a process of gradual political integration.

Schuman's proposals took concrete form with the signing of the Treaty of Paris in April 1951, by which the six founding members of the EU (DE, FR, IT, NL, BE and LU) agreed to create the European Coal and Steel Community (ECSC), thereby pooling their sovereignty in the management of these two strategic industries. It is this sharing of sovereignty in common institutions that sets the EU apart from other groupings, and gives it a character part-way between a country and an international organisation. It is also this feature that was not acceptable to the British, whose history was different and whose political system, based on first-past-the-post, winner-takes-all elections, was not conducive to power-sharing.

Throughout this early period, the USA played a strong role supporting European integration and the historical reconciliation between France and Germany. Immediately after the war, America had put all its efforts into reforming the societies of the two major defeated powers, Germany and Japan, but by the late forties/early fifties, US priorities had shifted and combatting communism had become

the overarching aim. In Asia, this shift was driven by the victory of the communists in China's civil war in 1949, followed a year later by the start of the Korean war. As a consequence, American policy in Japan supported the return to power of old regime personalities and abetted an underhand campaign to prevent the pacifist Japanese left from coming to power.

During the same period in Europe, the consolidation of Soviet communist power in the Eastern part of the continent and the strength of the communist party in France and Italy (not to mention Greece), led to a parallel shift with American policy now favouring the rehabilitation of Western Germany and its integration into a broad Western economic and military alliance to counter-balance the Soviet bloc and keep southern Europe within the atlantic sphere of influence.. On the military side, a first step had been taken in 1949 with the creation of NATO, initially without the participation of Western Germany, which at the time was forbidden from having armed forces.

An American call for the re-armament of Germany was met by an alternative French proposal in 1950 to create a European Defence Community (EDC), with the same group of six countries as the ECSC, and extending the coal and steel approach to defence matters. But in 1952 the plan was voted down by the French parliament and the idea remained stillborn. Instead, West Germany was admitted into Nato and gained its own military forces. While this may have fulfilled US strategic objectives, it was a setback for European integration.

It is against this background that the Suez crisis erupted, following the nationalisation of the canal by Egyptian leader Gamal Abdul Nasser in July 1956. In a joint military operation with Israel, British and French forces took control of the canal in late October/early November. While the operation was a military success, within days British and French forces were humiliatingly forced to withdraw under intense US pressure (Eisenhower threatened to sell off US holdings of sterling bonds).

This episode marked the end of Britain's position as a great power, but perhaps even more importantly it defined the British and French attitudes to European integration in the ensuing period. Indeed, the British and the French took away diametrically opposed lessons from their joint failure. The British concluded that their interests would be best served by keeping as close to the US as possible, in other words that an unswerving alliance with America offered the best prospects of clinging on to what power and influence they could preserve. The French on the other hand saw that their weakness could be remedied by the process of European integration, allowing them to leverage German economic power to strengthen their political position, keeping an arm's length relationship with the US.

Within two years of the Suez debacle, the process of European integration between the six countries of the ECSC reached a new high with the entry into force on 1st January 1958 of the Treaty of Rome, establishing the European Economic Community (EEC) – at that time essentially a customs union – as well as a number of common policies, perhaps most notably the Common Agricultural Policy. At the same time, the six adopted the Euratom Treaty, putting in common the management of their strategic nuclear resources.

The fifties and sixties, going into the seventies, witnessed rapid growth in the six EEC countries as they rebuilt their economies after the war. In contrast, the British economy went into a period of stagnation following the loss of empire and of the system of imperial preferences that had shielded British exports, concurrently with a sharp decline in traditional industries in particular the relatively unproductive coal-mining sector. From 1960, the UK sponsored an alternative trade grouping to the EEC in the form of EFTA, the European Free Trade Association bringing together the Scandinavian countries, the UK, Austria and Portugal, but despite some success in stimulating trade flows, this was not sufficient to lift the UK out of its secular decline.

Starting in the later 1960s, Britain made a series of approaches to join the EEC, but was systematically rebuffed by French President De Gaulle, who wanted to preserve France's political dominance of the EEC and deemed Britain's outlook to be incompatible with European processes (though his own nationalist positions put a brake on European integration from the end of the sixties).

In the end, British Prime Minister Edward Heath's efforts paid off under De Gaulle's successor, Georges Pompidou, and in 1973 the UK was finally allowed to join the EEC, together with Denmark and Ireland. However, it came in as a supplicant and not as the victor of WWII as would have been the case 20 years earlier. This humiliation underlies some of the resentments against the EU that linger deep in the psyche of ordinary people in England still today.

Meanwhile, the EEC and its policies had been shaped in the interests of the original six. In particular its farm policies were based on production support and aimed to promote agricultural self-sufficiency. These objectives were very much linked to the outlook and interests of France, at that time still a highly agricultural economy. The specific support measures for agricultural production were also geared to the interests of France and the other original members of the Common Market. All of this was fundamentally out of sync with Britain's historical orientation towards agricultural free trade (repeal of the corn laws), and its established policy of deficiency payments to supplement the income of smaller less efficient farmers.

Moreover, joining the Common Agricultural Policy (CAP) meant that Britain had to close the door to its traditional agricultural imports from Australia and New Zealand (sheep, milk and butter) and switch to European sources.

The Common Fisheries Policy was, from Britain's point of view, another egregious example, where the original six member countries agreed on the eve of accession negotiations an EEC Regulation stipulating that all member states should have equal access to fishing waters, precisely when the applicants, the UK, Denmark including Greenland, Ireland and Norway controlled a vast swathe of the world's richest fishing grounds. In order to gain accession, the new members were forced to accept this principle. As a result, Norway did not join the EU and Greenland subsequently left. British fishermen never forgave the EU.

Apart from the psychological wrench of cutting off preferential ties with the English heritage countries of the old empire (Australia, New Zealand and Canada), the immediate result of policies geared towards the interests of the original six was that Britain found itself paying more and getting less out of the common policies than the others, and France in particular. Germany of course was – and remains to this day – by far the greatest single net contributor, but implicitly accepted this role at least in part as a historic contribution to redress the wrongs of two world wars. The UK soon did not.

In terms of perceptions, the degree to which Britain had to face deep historic concessions and accept a regime that was not geared to its interests helps to explain the lasting undercurrent of resentment which is still often present in British attitudes to the EU, as illustrated by the fact that in the wake of the vote to leave the EU, some members of the conservative party began to talk gleefully of this as the first step in the dissolution of the EU.

In terms of practical politics, Britain within a few years began to make it clear it could not accept a situation where, as one of the relatively less wealthy countries of the EU, it was obliged to make a substantial net contribution to the EU budget.

Matters came to a head when Margaret Thatcher vigorously took up the question at the EEC summit in Dublin in 1979 and was famously quoted by the press as saying: "I want my money back"! (What she actually said was: "What we are asking is for a very large amount of our own money back, over and above what we contribute to the Community, which is covered by our receipts from the Community." Close enough).

This narrow account-based approach highlights a major difference in perception between the UK and its European partners. Whereas they viewed the EU as a lasting commitment to peace and stable institutions on the European continent, in other words as part of a wider ongoing process of European integration, the British saw EU membership more as a business transaction that had been forced upon them by necessity, and were never keen to accept the EEC as much more than an extended trade zone.

In the end, the Europeans gave in, and from 1985 the UK was granted a rebate equivalent to 66% of its net contribution (payments minus receipts) to the EU in the previous year. But this episode firmly established the EU budget, and alleged wastage by an inefficient European bureaucracy as a staple for the Eurosceptic press in Britain.

In subsequent years, despite successive reforms to the CAP which alleviated its worst faults by moving away from simple production support, largely eliminating the infamous wine lakes and butter mountains, EU financial trends kept working against the British desire to contain its contribution to the EU budget.

In part this was a result of Britain's success in stimulating its own economic growth, at a time when several other European economies, in particular France and Italy, began to stagnate.

Moreover, the nature of EU expenditure changed as policy priorities shifted towards support for a new set of Member States including the much poorer countries of Southern Europe, Greece, Spain and Portugal, who joined in 1985. This trend was amplified as European Monetary Union launched by the Maastricht Treaty of 1992 brought into play additional so-called cohesion funding for the poorer countries joining the Euro, and after the fall of the Berlin Wall, the EU geared up for the accession of the former East European countries, leading to the great enlargement of 2004 when 10 new and relatively poor countries joined the EU. It may be noted that the UK was one of the strongest proponents of enlargement, which chimed with its own geo-strategic objectives.

Compounding the problem, funding through traditional own resources, particularly customs receipts, had declined substantially following successive rounds of liberalisation of international trade. This led towards a greater share of direct contributions from Member states based on their GDP, bringing into sharper focus the imbalances between contributions and receipts from the EU budget and accentuating the net payer controversies.

The years following the implementation of the British rebate witnessed another significant crisis for the UK on "Black Wednesday" on 16th of September 1992, when Britain was forced out of the European Exchange Rate Mechanism (ERM) and had to devalue sterling, making George Soros a great deal of money in the process.

Within the ERM, parities between the European currencies had been fixed, in preparation for the launch of the Euro. In spite of prolonged resistance from Margaret Thatcher, her predominantly pro-European conservative government had finally joined the ERM in October 1990, after a lengthy period of European currency stability had generated a consensus view that it provided a good anchor against inflation, and was a strong platform for future monetary union.

Unfortunately this also came at a time when Germany, faced with the very substantial costs of German reunification, raised its interest rates in what many of its partners and particularly the British, saw as beggar-thy-neighbour policies. The UK found itself under unbearable speculative pressure and, judging the British position to be unsustainable, the Bundesbank declined to come to the aid of sterling. The pound was forced out and had to devalue, the lira also quit the ERM, and the Spanish peseta had to devalue. Critically, the parity between the German and French currencies was preserved on the back of strong political support from Germany. Italy subsequently rejoined with wider margins of fluctuation of its currency, and the path to monetary union was preserved.

But the episode led to bitter recriminations between the UK and Germany, and ensured that Britain never joined the Euro, about which a large segment of the British academic and political establishment had in any case always had strong doubts.

A deeper consequence, which was perhaps not perceptible at the time, was a gradual shift in the consensus view of the conservative party towards Euro-scepticism. While there had long been bitter divisions among the Tories with a minority vocally opposed to the EU, the dominant view into the eighties and early nineties had been in favour of membership. But from then on support for the EU faded away as major Europhile figures in the party lost ground and there emerged a new generation of conservative politicians ranging from mildly to virulently Euro-sceptic.

Over these years, Eurosceptic tendencies in the UK were fed by a steady diet of often grossly biased reporting in the British press and especially in the popular tabloids. The so-called "Murdoch press" was particularly virulent. Rising doubts about the EU also translated into British decisions to opt out of a number of new policies notably under Justice and Home Affairs.

Although doubts about Europe were generally on the rise during this period (and not only in England), this deep political shift in the conservative party had limited consequences for several years due to the prolonged reign of the Labour party under the Europhile Tony Blair, and by the subsequent need for the conservatives to enter into a coalition with the pro-European Liberal-Democrats.

But once the conservatives under the mildly Euro-sceptic David Cameron were able to form a government on their own in May 2015, their Euro-scepticism translated into government policy with a demand to review key aspects of the European Treaties, in particular the free circulation of persons.

It is worth noting that the UK's net contribution rose substantially in the latest period, from 2.7 Bn Euro in 2008, to 3.8 in 2009, 7.2 in 2010, 7.5 in 2011, 8.5 in 2012 and 11.3 in 2013. In this highly charged context, the government of David Cameron and George Osborne made much play of their rejection of EU budget demands, feeding Eurosceptic sentiment in their own party even though they ultimately campaigned for Britain to stay in the EU.

Following the negotiations which preceded he referendum, Cameron and Osborne came to the obvious conclusion that the balance of advantages was very much in favour of the UK remaining in, but their own overtly Eurosceptic attitudes in the earlier phases illustrate how much this was a reasoned conclusion based on an analysis of the balance of advantages, rather than the result of any real political commitment to European integration.

The British budgetary contribution to the EU was one of the most powerful arguments used by the leave campaigners who insisted, with some exaggeration, on the amounts the UK was paying in and stressed how much better they, or the British government, would use this money, e.g. to fund the cash-strapped National Health Service.

Given the history of the UK's financial relations with the EU, this was fertile emotional ground. Compounding the problem, the Remain side never tried to justify EU expenditure by making a strong positive case about the benefits of the EU, for instance in education, the environment or science, focusing instead on a largely negative campaign about the economic costs of leaving the EU and predicting a severe recession were this to happen.

This tactic had been used successfully in the Scottish referendum campaign two years earlier, but had much less credibility in the case of the EU. Even in case of departure from the EU, economic conditions would not change for at least two or three years while negotiations on exit proceeded. Moreover, the economic outcome of these negotiations was unknowable. There was no firm basis for imminent predictions of recession. In the immediate aftermath of the referendum, the only thing that could meaningfully be affected was market sentiment, as indeed it was with the drop in value of sterling. But, perhaps aided by this drop, the economy has continued to be buoyant.

This turn of economic events supports those who campaigned in favour of leaving, even though there are good reasons to believe that the longer-term consequences of Brexit will mostly be negative for the British economy, particularly for the foreign investments that have contributed so much to the rejuvenation of the British economy in recent years, and for the role of the City as a major European and international financial centre.

But, for the moment at least, those fears are in abeyance among the general British population, and there is no reason to believe that the wave of popular support for Brexit has in any way diminished. Instead, many of those who expressed reasoned – but not emotional – support for staying have come round to the view that leaving is inevitable and perhaps not even a bad thing, the priority being to negotiate the best economic deal possible.

Leaving aside for a moment the other major issues in the referendum campaign, much of the discussion about this deal with the EU has been focused on the achievement of a large free trade agreement with the EU, or possibly even continued membership of the single market. The European partners, however, have ruled out continued membership of the Single Market if Britain does not accept freedom of circulation and establishment of EU citizens, which would appear to be a non-starter for the British government as the arguably biggest political issue in the referendum campaign was Britain's sovereign right to control flows of inward migration, including from the EU.

At this point, it is worth going back a little to understand the nature of the Single Market. As from 1958, the EU was a customs union with free trade between its members. But it was felt that the benefits of economic integration were slow to come and by the early eighties, European industry had put on the table a series of measures to deepen the European market by abolishing border controls and doing away with regulatory barriers. The European Commission, the Executive branch of the EU, picked up these proposals and proposed wide-ranging measures to open up the internal market by allowing the free circulation of goods, services, people and capital, which came to fruition with the Single European Act of 1985 leading to the establishment of the Single Market with its four freedoms in 1992. In the minds of most Member States therefore, the freedom of circulation of people is indissolubly linked with the three other freedoms for goods, services and capital, and this is why they insist there will be no cherry-picking in Britain's exit negotiations.

The ending of border controls involved a measure of approximation of indirect taxation (VAT) and intra-European compensation mechanisms to ensure the payment of VAT levied at different rates in different Member States and until then collected at the border. It also entailed new ways of dealing with regulatory barriers through a mixture of harmonisation of product standards at European level and mutual equivalence of national standards. Common health standards for agricultural products

are also a must for border-free markets.

The free circulation of persons was made possible through the Schengen Agreement, abolishing border controls on individuals, while freedom of capital movements was implemented with the abolition of capital controls within the EU.

Progress on freedom for the service sector was more patchy as this relates essentially to regulatory harmonisation. Given Britain's deep dependence on the service sector and particularly on financial services, the slow progress in this area was another of Britain's abiding frustrations with the EU, though not one that came up during the referendum campaign.

Going forward, the key point is that there is a world of difference between a free trade area, or a customs union, or being part of the European Single Market. To put the point into perspective, Turkey has a customs union with the EU, but its trucks are regularly queuing up for 30 hours at the EU border, because they have to fulfil the requirements of VAT collection and technical conformity of the goods.

This is why, though British Foreign Minister Boris Johnson breezily talks about the best possible free trade agreement, many sectors of the British economy want to get as close as possible to membership of the internal market. This will certainly be a key point, if not the key point, in the forthcoming Brexit negotiations.

Boris Johnson likes to point out that the UK has a large trade deficit with the EU, and that it is very much in the EU's own interest to find a viable accommodation. But this where the dynamics of negotiations between a large trading block and an individual country comes into play. For the UK, 44% of its exports go to the EU and 53% of its imports come from the EU, leaving a substantial trade gap of some 70 billion pounds sterling in favour of the EU. But the relative importance of this for the EU as a block is much smaller. From the EU viewpoint its exports to the UK represent only 3 or 4% of the economy, whereas for the UK its exports to the EU represent some 13% of the British economy. A large trading block such as the EU is obviously in a much stronger position to negotiate on trade. This was indeed a key part of the economic logic behind the creation of the early common market, but one that seems to have been forgotten during the referendum campaign.

Again, it is too early to say how negotiations will unfold, and the UK certainly has a number of bargaining chips, notably access to Britain's fishing waters as they revert to national control.

Leaving the economic field, two other issues played a major role during the referendum campaign: migration and the supremacy of the European Court of Justice and European law over national legislation by the British Houses of Parliament.

The issue of migration stirred passions in the UK well before its accession to the EU. As Britain decolonised its African colonies in the early sixties, it granted British passports to the many people from the Indian sub-continent who had been brought in during the colonial period. When Idi Amin came to power in Uganda in the sixties and expelled these "foreigners", this led to a large inflow of Indians and Pakistanis with a different culture and religion, and who moreover felt duty-bound to bring in, e.g. through marriage, as many of their relatives from India and Pakistan as they possibly could.

This generated sharp political tensions in England (Enoch Powell's "rivers of blood" speech), as well as the emergence of xenophobic and extreme nationalist movements, especially in cities and areas that had undergone sharp industrial decline. There was therefore already a long-standing and virulent anti-immigrant minority active in the UK when large numbers of people from Eastern

Europe started to come in following the 2004 enlargement.

The EU at the time was apprehensive about suddenly opening its doors to a large number of relatively impoverished people from the new Member States and it negotiated optional transition periods during which Member States could limit inflows of people from these countries. Almost all EU countries took advantage of this to slow down the inflows, but Tony Blair's Britain had been very ideologically committed to accession and declined to make use of these temporary restrictions. Moreover, Britain was far more liberal in terms of labour market regulation than the other countries, making it a favourite destination for migrants coming to seek work.

The final straw was the sudden influx into Europe of refugees from the Middle East, Africa and Afghanistan in the wake of the murderous civil wars in Iraq, Syria and Libya, following Mrs Merkel's decision in 2015 to open the doors of Germany to these teeming masses (and at this point Britain would do well to examine its own conscience).

This certainly solidified British opinion in favour of regaining national control over inward migratory flows. The failure of David Cameron to obtain any substantial concessions from the EU in this critical area is probably the major reason for his failure in a referendum where he campaigned strongly to remain part of the EU. And immigration is now the topic on which Theresa May and her government appear to be most strongly fixed, perhaps a reflection of Mrs May's own views. But she is no doubt in tune with the perceptions and emotions of a majority of the British people.

Following the referendum, the number of attacks against foreigners such as Poles increased noticeably, and there is no reason to believe that the rather small-minded little-England outlook that has gradually become dominant in Britain's governing institutions, particularly the Home Office, will fade away anytime soon.

The third major issue in the referendum was the question of the primacy of European law and of the European Court of Justice. The wish on the part of the leave campaigners to restore the authority of the Houses of Parliament appears to be somewhat disingenuous.

Whenever an international agreement is concluded, it must by definition take precedence over national law. Failing this principle, any international agreement can be overturned or amended at any time and even unintentionally by a legal decision in the country that has ratified it. Thus, for international agreements to have a secure standing they must have a higher position under national law. And for complex agreements such as the Treaties governing the EU, there is a clear need for a judicial authority to pronounce on these matters. Hence the European Court of Justice and the precedence of its decisions.

Where this simple viewpoint gets a bit more muddy, is the point at which European legal decisions become interpretative. A critical example relates to the early decisions by the European Court of Justice on equivalence, where it forced the Germans to accept that they could not prevent the marketing of foreign beers under the principle that they did not fulfill the German water purity laws that were imposed on German beer makers. In the seventies and eighties, a period of stagnation for the process of European integration, the European Commission began to make increasing use of this type of legal decision to open up EU markets to each other's products. A much closer case came recently when the European Court was asked to decide whether Member States were obligated to accept as asylum seekers persons who present themselves at embassies abroad and not just those who make it to their physical borders as is currently the case. The Court ruled against this interpretation, but it is easy to see how it could have gone the other way, with major political consequences.

These examples make it easier to understand the position of the leavers against the European Court. Nevertheless, simply to say that you do not want the European Court of Justice to predominate over the British system is tantamount to saying you just don't want to be part of the EU. However, this position has a deep emotional resonance in the British public.

To understand the perceptions of British people after the vote to leave the EU, it is worth looking both at the overall result and at the different groups who voted.

Overall results, with a turnout of 72.2%, were 51.9% in favour of leaving, and 48.1% in favour of remaining in the EU. To those not familiar with the British election system this may look like a small margin for the leavers, but the fact is that under the UK's winner-takes-all electoral system, such a result would have led to a landslide victory for the winning party. To put the result into perspective, the conservatives won the 2015 general election with 36.9% of the popular vote on a turnout of 66.2%. This is why the leave camp continues to describe the referendum as a decisive victory for the "no" camp.

In the case of two regions, Scotland and Northern Ireland, there was a clear majority for staying in the EU, each for their own specific reasons.

In England and Wales, the dividing line was between London and the rest. London voted decisively to stay in the EU but is very different from the rest of England, with an international presence that is now marginally bigger than its home-grown English population, and a level of wealth and education far in excess of the rest. Moreover, its success rests to a large extent on its international prowess as a leading financial centre in the world and in Europe.

But the rest of England was even more clear in its desire to leave the EU.

Overall, age, education and English nationalism were very significant factors in the vote.

Opinion surveys show that support for the EU was 73% in the 18 to 24 age bracket, 62% for 25-34s, 52% for 35-44s, and 44%, 43% and 40% respectively for the 45-54, 55-64 and 65+ age brackets. However, the strong levels of support among younger people were negated by a relatively lower turnout at the referendum.

Of the 30 electoral areas with the most elderly people, 27 voted to leave.

Of the 30 electoral areas with the fewest graduates, 28 voted to leave. In London, where the remain vote was strong almost everywhere, the East London working class districts of Lambeth, Hackney and Haringey were those that voted to leave.

Of the 30 areas with the greatest part of the population identifying as English (in contrast e.g. with Scottish, Irish, or other origins), 30 voted to leave.

The age gap can be understood in terms of older people's nostalgia for the pre-European order, their resentment of the concessions Britain had to make to join the EU, and their dislike of particular European policies such as the old Common Agricultural Policy. For the younger generation, the situation appears quite differently: European policies have changed over the years, notably in the field of agriculture, and new policies have developed. They see the benefits of free circulation of people, educational exchanges, environmentally-oriented policies and funding for science programmes. Ironically, many of the policies implemented by the EU since the nineties were strongly promoted by the UK: opening up of the single market, abolition of capital controls, as well

as successive enlargements.

With regard to levels of education and nationalism, it appears reasonable to believe that these were the segments of the population most exposed to the relentless bashing of the EU by the country's popular press.

The case of Scotland is a particular one, as the Scottish National Party (SNP) which became dominant in Scottish politics following the failed referendum on independence in September 2014, strongly supported remaining in the EU, in part on the basis of the social and welfare policies promoted by the EU, in part as a reaction to what it saw as a unilateral English move to change an order to which it was favourable. Again, there are deep historical undercurrents: after all, Scotland as an independent kingdom was allied with France for some 200 years until by personal union James VI of Scotland also became king of England in 1603.

Looking to the future rather than the past, Scottish Prime Minister Nicola Sturgeon has made it clear she wants Scotland to remain part of the EU's Single Market, and failing this would be prepared to seek another referendum on independence. As London shows ever clearer signs of being willing to go for a so-called hard Brexit, so she has been raising expectations of a new bid for independence.

Her position on this is not as solid as it may appear, first of all because the government of Spanish Prime Minister Marjano Rajoy has unambiguously told her it would oppose the accession of Scotland to the EU as an independent state, given Spain's own wish to make an example and prevent the breakaway of Catalonia. Moreover, there is a question about referendum fatigue in Scotland, combined with the fact that Scottish fishermen, an important constituency in the region, may stand to gain substantially from a withdrawal from the EU's Common Fisheries Policy.

The case of Northern Ireland is perhaps more tricky, as the Good Friday agreement that put an end to 30 years of sectarian strife in November 1998 is dependent on the abolition of borders between the Republic of Ireland in the South and the Northern provinces that remained part of the Union with England and Scotland. Under this agreement, Dublin dropped its constitutional claim to the northern provinces while London conceded that the North could leave the UK and become part of a united Ireland once a majority of people in the North agreed. Critical to a fraught process that involves establishing and sustaining power-sharing institutions between people who have been at each other's throats for many years, is the confidence-building effect of the abolition of borders and gradual cross-border integration, showing people that over time they can come together peacefully. The UK's departure from the EU evidently puts this into question, as the corollary of Brexit should be the re-establishment of physical borders at least for goods between the two parts of Ireland (Irish people would remain covered by the Common Travel Area - CTA).

No doubt much energy is being expended in Whitehall on finding a solution to this conundrum, with some talking of the establishment of a virtual border whereby the Irish Republic would manage at its own borders incoming flows of goods and people to the North. This would have to be done at the cost of the UK. As stated at the outset, this is a tricky matter, and in a worst-case scenario where physical borders return, England could even witness a resurgence of terrorist attacks on its own soil.

To conclude, I have been into the subject in detail, perhaps too much detail, and yet I feel I have only scratched the surface, leaving many things unsaid. But I hope to have shown how this referendum result was the fruit of deep historical factors, of emotions and sentiments that could not be repressed, and of interests that could not be met.

Facing us now is a very complicated negotiation. The stakes are extremely high, not least for the EU itself, which faces a rapidly changing world and needs to adapt in order to preserve the substantial benefits it has brought to its members.

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