BREAKINGVIEWS ON BREXIT

Making sense of Britain’s referendum on Europe

REUTERS BREAKINGVIEWS

INTRODUCTION

Britain is better off staying in Europe

By John Foley

Britain is better off staying in the European Union. The alternatives are dismal. But a vote to "remain" in June 23's referendum should be an ultimatum for reform, not a capitulation to the status quo. If Britons vote to stay in the economic bloc, the clock starts ticking for the UK government to make some fundamental changes, without which the in-or-out question will return with a vengeance. For harmony to endure, Europe will need to change - and the euro may have to go.

European bureaucracy inspires no love. But there are reasons to stick with it. A united Europe is a good defence against war, extremism and capture by corporate interests. The UK's feeble attempt to claw back unpaid taxes from Alphabet's Google shows how a company can effectively hold a single country to ransom more easily than a 28-member union. The biggest risks to global stability, from Russia to China to Islamic State, are harder to influence as an isolated country. Britain is not even as populous as China's seventh-largest province. The "leave" campaign's refrain of "taking back control" is nonsensical.

There are economic arguments for staying, too. Almost every Brexit forecast suggests a fall in GDP compared with the base case that could last for well over a decade. And the chance of achieving access to the single market without also accepting free movement of people is slim - albeit not impossible. These "what if" arguments, though, have failed to resonate with the electorate. The biggest miscalculation among the "remain" camp has been to assume that numbers and facts win hearts and minds. Emotions matter, too.

If voters do choose to stay, it is imperative to address the problems that led to anti-European sentiment in the first place, such as stagnant real wage growth and high house prices. Some 40 percent of people aged 18 to 35 worry they will never be able to secure a suitable home, according to Ipsos Mori. Years of bad policy have resulted in Britain building 140,000 houses a year, when twice that many is needed. Europe has not created these problems, but nor has it alleviated them, and migrants from the bloc's periphery make easy scapegoats.

Another big challenge will be to close the divide between London and the rest of Britain. Brexit isn't just about UK versus Europe – it's about the capital versus the rest. The "remain" camp simply hasn't got that message. Take Hull, the port city in the northeast. London's gross value-added per citizen was double Hull's in 1997. Now official data shows it is 1.2 times bigger. London, where finance, information and communications industries dominate, had 17 percent more jobs in 2013 than it did a decade earlier, according to the Centre for Cities; Hull had 8 percent fewer, despite a growing population. The gains from EU membership haven't been spread evenly.

A vote to stay put is an ultimatum for Europe too, which remains vulnerable to future mutinies. A perceived lack of democracy is overstated. But the dysfunction of individual EU states is real. Italy's bad debts, France's inflexible workers, Germany's artificially weak exchange rate, Bulgaria's corruption and Poland's religious conservatism are among factors contributing to a powerful centrifugal force. No one has grasped these nettles convincingly. Without social and market reforms, the urge to detach will remain ever present, and not just in Britain.

The euro, awkwardly stuck halfway along the road to becoming a tool of genuine fiscal union, is also not fit for purpose. In another recession or financial crisis, it may well implode. Britons don't have to take part directly in bailouts of profligate European states and their banking sectors, but being shackled to a sick animal is anything but attractive.

Conversely, if the euro zone grows closer, and its financial and banking sectors become more joined up, Britain could find itself sidelined. In light of that fear, the best scenario is that the euro zone sheds some of its weaker members - or disappears altogether.

In two decades, the UK is likely to be the biggest country in Europe by GDP. In a little more than three, it will be the most populous. In a Europe without the euro, or with a downsized currency union, Britain could be the logical leader, economically and culturally. That should appeal to Brexiteers keen to "take back control." For European countries to voluntarily dismantle the common currency seems unthinkable. Yet it costs nothing to stick around and see if it can be done. In the meantime if Britain wants a shot at real influence, this is no moment to throw in the towel.

Published on June 16, 2016

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Brexit could come before Grexit

By Hugo Dixon

Investors have been obsessed with the notion of "Grexit" - Greece's exit from the euro. But "Brexit" - Britain's exit from the European Union - is as likely if not more so. The country has never been at ease with its EU membership. It refused to join its predecessor, the European Economic Community, in 1957; it was then blocked twice from becoming a member by France's Charles De Gaulle in 1960s; and shortly after it finally entered in 1973, it had a referendum on whether to stay.

The euro crisis has put further pressure on this difficult relationship. David Cameron's Conservative Party, the governing coalition's dominant group, delights in pointing out the flaws in the single currency. The party's eurosceptics feel vindicated because they have long believed that monetary union was only possible with political union.

But "I told you so" is never a good way of endearing oneself to others. What's more, the idea that greater integration in the euro zone has "remorseless logic" - as Britain's finance minister, George Osborne, puts it - directly undercuts the country's national interest. The more the 17 countries in the single currency club together, the more the UK will be left out on the fringe.

If the Tories weren't so keen to prove the point about how right they had been, they would be able to articulate an alternative way of keeping the euro together based on two key principles: more flexibility at the level of both nation states and the single market so economies can weather shocks; and the use of market discipline rather than bureaucratic rules to prevent banks and governments borrowing too much money and hence requiring taxpayer bailouts.

Such a vision would play to the UK's national interest. London has long wanted a more open, market-orientated Europe. But, unfortunately, the government has been urging the euro zone in the direction of further integration - only to realise belatedly how bad this could be for Britain's interests.

This is most apparent with the euro zone's current push to create a single banking supervisor. It's far from clear that this will actually help solve the current crisis. But it will certainly create problems for Britain as all 17 members of the zone will vote as a single bloc on future banking regulations.

Given the importance of the UK's financial services industry, such a prospect is extremely unappealing. But London hasn't made any progress in persuading its partners to change the voting system to preserve its influence. This, in turn, is partly because the government has made a habit of burning rather than building bridges.

Cameron's biggest error was to veto last year the so-called "fiscal compact", which binds euro zone countries to budgetary responsibility. The proposal wasn't even going to affect the UK. Moreover, the rest of the EU got its own way anyway by signing a new treaty that didn't involve Britain.

The current battle over the EU's budget could lose London further friends. Britain's position that now is not the time to increase Brussels' budget - given the strains on public finances - is reasonable enough. But its threat to exercise its veto again makes it look like a spoiler.

Matters have been made even worse by the way the Labour opposition has behaved. Last month, it backed a motion from dissident Conservative MPs calling for a cut in the budget. This unholy alliance makes Labour also look like an unreliable partner in continental European capitals.

The risk is that Britain gets into a series of ding-dong battles with the rest of the EU - in the process of which London feels marginalised and, in response, gets increasingly shrill in its demands. A fractious relationship would then be the backdrop to the next election in 2015.

Cameron is under pressure from large sections of his party to pull out of the EU - not least because UKIP, a staunchly eurosceptic party, is eating into its electoral support. The PM is attempting a compromise position: he wants to renegotiate Britain's relationship with the EU by repatriating certain powers to London; he would probably then put the resulting deal to the people for approval.

The problem is that the UK is unlikely to secure big changes in its relationship with the EU. So the path Cameron is treading could easily lead to a vote on whether to stay in the EU at all.

Meanwhile, Labour is anxious that the Conservatives could score points in the next election if it doesn't also promise a referendum on Britain's relationship with the EU. Ed Miliband, its leader, seems to think he could win such a vote. But it would be an uphill battle: 49 percent of the electorate would vote to pull out of the EU compared to 28 percent who want to stay in, according to a poll last week by YouGov.

This wouldn't matter if the UK had a rosy future outside the EU. But the country's economy is closely entwined with the EU, which accounted for 47 percent of its trade last year. It is naïve to think that Britain would get full and fair access to the single market if it wasn't a member. What's more, it would still have to play by Europe's rules to trade in its market.

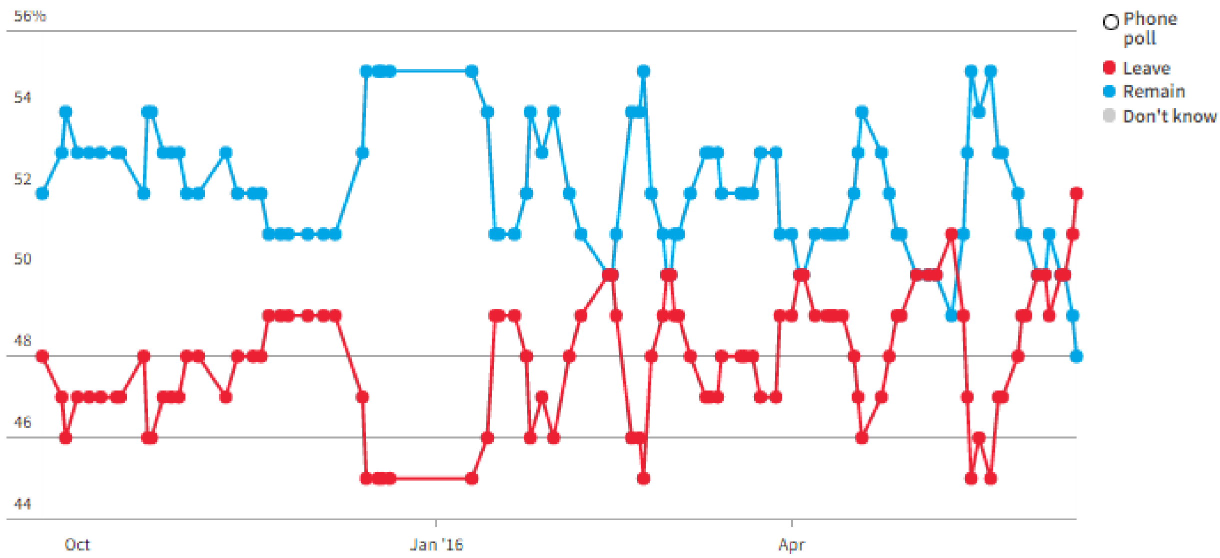
Britain's business community doesn't seem to have woken up to the threat. If it waits too long, it may find the momentum for a Brexit is too strong to resist.

Published on Nov. 12, 2012

The Polls

All polls ask variations on the basic question, "Should the United Kingdom remain a member of the European Union or leave?" The EU poll of polls displays an average level of support across the six most recently conducted polls.

SELECT POLL: **Poll of polls**



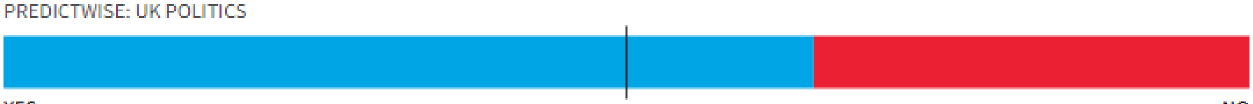
Sources: What UK Thinks: EU; PredictWise
By Vincent Flasseur, Travis Hartman and Matthew Weber | REUTERS GRAPHICS

The Odds

Investors seeking guidance on whether Britons will vote to leave the European Union are relying as much on bookmakers and punters as the established trackers of political trends, opinion pollsters.

SHOULD THE UNITED KINGDOM REMAIN A MEMBER OF THE EUROPEAN UNION?

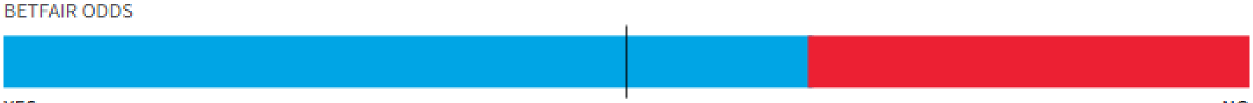
PREDICTWISE: UK POLITICS



YES 65%

NO 35%

BETFAIR ODDS



YES 65%

NO 35%

ODDS UPDATED AS OF 06-17-2016 9:02AM EST
NUMBERS MAY NOT ADD UP TO 100% DUE TO ROUNDING

Britain's exit from Europe: 28 days later

By Neil Unmack

Sometime in the future, a series of notes is found in the abandoned ruins of British prime ministerial residence 10 Downing Street. Purportedly written by a private secretary to David Cameron, they chronicle the events in the month after UK voters decided they wanted to leave the European Union. It's a vision of banker exoduses, surprising new investors and mountains of unsold pork pies.

June 7

Dave,

The polls are looking great! The steady rise in your personal popularity ever since you backed the "Out" campaign shows no sign of ending. The opposition is still licking its wounds with the lowest ever support, thanks to the press' decision to back you too.

The economy is looking good. The 10 percent fall in the pound was more than we had been expecting, but our contacts in the investment community tell us the smart money is now betting on a recovery. A small devaluation should help counter the weak euro. In the meantime, a "Proud to be British" month-long celebration should bolster consumption.

There has been an awkward controversy in the press over whether ballet star Darcey Bussell should be allowed to judge Strictly Come Dancing, given her half-Australian parentage, but a suggestion from the BBC that she wear a sequined Union Jack dress has sorted this.

One concern is immigration. We are struggling to contain the flow of immigrants from France after Paris closed our border office in Calais. Treasury is refusing to release additional funds. Could you have a word with George Osborne and his folks over there?

You asked me to keep you informed on the City. Our base case is still no right-minded capitalist would want to move to France, and Frankfurt is too small. We haven't yet managed to get through to the UK heads of the U.S. banks. Good to see that they are so busy!

June 14

Dave,

Polls are still good, although we are seeing a little slippage. Probably down to the loss of EU premiership soccer players who do not meet the new visa qualifications.

Things are less encouraging on the economy. London house prices are falling as the weakening currency is deterring foreign capital. The market seems to be betting on a breakup of the UK, given the Scottish situation. I have asked our people to look into a short-selling ban.

The border situation is no better. Have you heard from George?

The City is doing great. We heard that the European Central Bank has told all banks they will need to clear euro-denominated assets outside the UK but this will only mean a small transfer of lower-paid employees. JPMorgan, Standard Chartered and a few hedge funds are upping sticks, but the thesis that the City would survive thanks to the vibrant investment community still holds.

One annoyance is that Mark Carney is being more critical of your "Out" campaign than we might wish from the head of the Bank of England. I am looking for replacement candidates. How about "The Apprentice" host Alan Sugar?

June 21

Dave,

Polls are less rosy. The effect of the falling currency and lower real incomes mean the "Proud to be British" month has not been as effective as we had hoped. With so many eastern European citizens gone, you can't get a plumber or builder for love nor money.

Immigration. As before.

Economy. The pound has now fallen to parity with the euro. It had fallen below, but luckily the "I love the smell of money printing in the morning" speech by European Central Bank chief Mario Draghi has stabilised things. Uncertainty over a trade deal with Europe is hurting investment. Our people say this will only be a blip.

The City. We hear the Irish are pushing for a rule that only EU-based asset managers can sell into Europe. I have called Tristram at Oxbridge Capital to see if this matters. No answer yet.

June 28

Dave,

Polls. Terrible. Bussell's dress is a memory, and there are mountains of unsold pork pies.

Surprisingly, George's popularity seems to be growing, as the weak pound has given his Northern Powerhouse campaign a boost. But your polls are at an all-time low, after the "Man who lost Europe" front page in The Sun. We are talking to the people at Strictly to see if we can get you on as a guest judge, but Bussell's resignation means it has its own fish to fry.

Economy. Trade and FDI have stalled completely. There are some green shoots coming from the north. A Taiwanese smartphone maker called Foxconn wants to open a huge manufacturing plant in Hull. But this will take at least two years to translate into real growth, and will do little to boost our stagnant productivity. London house prices are expected to fall 50 percent due to the banker exodus (see below). The challenger banks may need bailing out.

Immigration. We are starting to stem the flow of illegal immigrants from France. But the skill shortage is becoming a real issue. What do you think of fast-track, free citizenship for eastern Europeans?

The City. Our latest research tells us the Irish proposal will have a devastating impact on the London investment community. Our sources say most hedge funds and large money managers will now move to Dublin, and higher-paid investment bankers will follow. The Chinese have awarded their next syndicated yuan bond to Deutsche Bank's Frankfurt office.

Some good news: Alan Sugar is happy to replace Carney.

Published on Dec. 24, 2015

Ireland has limited shelter against Brexit storm

By Carol Ryan

Ireland is starting to feel queasy about the prospect of a UK exit from the European Union. Doomsday scenarios predict a 20 percent slowdown in trade between the two countries if Britons vote to go it alone. It could knock the stuffing out of an economy where the central bank reckons GDP grew 6.6 percent last year.

Around 1 billion euros of trade is conducted across the Irish Sea every week, mainly agricultural products, food and financial services. Any new trade barriers or tariffs following a UK exit could lead to Irish GDP per capita losses of up to 2.7 percent, according to Germany's Ifo Institute. That would make it the biggest Brexit loser of all European countries.

The UK is Ireland's second most important trade partner and destination for around 15 percent of total exports, according to Ireland's Economic and Social Research Institute (ESRI). That might not sound dramatic, but indigenous companies are much more dependent on the UK than foreign-owned firms, sending 43.5 percent of their exports there.

The movement of people across the Irish Sea is just as intense - the Dublin-London flight route is the busiest air corridor in Europe and the second busiest in the world, according to the Dublin Airport Authority. The UK has long been a safety valve for labour when Ireland's economy periodically gets into trouble. A common travel area between the countries predates EU membership, but it's not clear what would happen after a UK exit.

Dublin doesn't seem hopeful about snaffling displaced foreign direct investment from its neighbour either. An EU exit could dent Britain's 1 trillion pound-plus inward FDI stock. But analysis of foreign investment patterns over the last 10 years suggests any FDI bonanza is likely to be small, the ESRI reckons.

That leaves nabbing London's status as a financial hub. The appeal is obvious – Dublin would be the only English-speaking big city still in the euro zone, and would be a serious option for American investment banks' EU operations. But in order for Dublin to feel comfortable hosting a much larger financial system, it would need the euro zone to complete its banking union via a mutually funded deposit guarantee scheme - unlikely, given German opposition to underwriting other euro zone banking systems. Ireland's best hope is that Brexit doesn't happen.

Published on Jan. 26, 2016

A scrabble board spells out Brexit in Dublin, Ireland May 4 2016. REUTERS/Clodagh Kilcoyne

Brexit trial run gives glimpse of post-vote mess

By George Hay

Britain's next milestone in the debate over whether to stay in Europe is the renegotiation of its relationship with the European Union. Less attention is being paid to what would happen if Britons actually opted to leave, when a planned referendum finally takes place. A London-based wargame featuring some big political beasts on Jan. 25 gave a disconcerting hint.

If Britons do vote for so-called Brexit, current EU rules sketch out an exit within two years. A UK representative would sit around a table with 27 bruised member-state peers and lay out the British position. In think tank Open Europe's simulation, former Chancellor of the Exchequer Norman Lamont called for a trade deal that afforded the kind of access Canada gets, and a financial services pact that allowed UK-based banks to benefit from EU customers and markets.

What happened next is a plausible template for how the real negotiations might go. European participants, who included ex-central bankers, prime ministers and finance ministers, rejected the idea that Britain could cherry-pick terms after a vote that left the rest of Europe in a state of uncertainty. Germany, France and Ireland had serious issues with a deal that would preserve London's pre-eminence as a financial centre ahead of Frankfurt, Paris and Dublin.

Ireland's former Taoiseach John Bruton said Brexit spelt financial disaster for his country, which is heavily connected via trade and social links to Britain, and was an "unfriendly act". Poland's ex-finance minister blasted the impact Brexit would have in encouraging other member states to break away. Even pro-UK member states like Holland would harden their hearts, having been jilted by "the one they loved".

For now, investors can dismiss this sort of exercise: it was, after all, only a game. But some things are likely to be mirrored in the real world. First, it would not be in the interests of those left behind to help the UK protect its financial sector. Second, the bitterness at Britain's "divorce" would cloud the judgment of both populace and politicians. The chances of a workable solution in the proposed two-year post-Brexit deadline look fanciful.

Published on Jan. 26, 2016

Europe has as much to lose from Brexit as UK

By Neil Unmack

Europe has as much to lose from Brexit as the UK. David Cameron looks set to secure limited concessions from the European Union, Reuters reported on Feb. 2. The European Union has grounds to offer thin gruel – it knows Brexit would hit member states' budget and trade unevenly. But given what it might unleash politically, a sub-par deal is risky for Brussels as well as for Britain.

Cameron's proposed deal sounds like a classic European fudge. The idea is for a reformed European Union to feature a break for national parliaments to block European laws. Yet even though this "red card" could - unlike previous safeguards - be legally binding, it would require 55 percent of EU parliaments to agree. That looks high.

If Europe faced certain catastrophe post-Brexit, the threshold would have been lower. But while member states would face higher individual budget costs, these sums are only 4.9 billion euros on average, Citi reckons. And while states that do lots of trade with the UK – like Holland, Ireland and Belgium – could see between 3 percent and 6 percent of their jobs being put at risk, that figure falls to around 1 percent for Spain, France, Italy and Portugal, ING estimates.

Some states may even see Brexit as an opportunity. Between 2000 and 2014 the UK snapped up a fifth of European foreign investment, some of which could relocate. The financial services sector looks particularly vulnerable: the UK's might not be protected by trade deals, such as the one Switzerland has with Europe.

Yet the EU authorities still could be shooting themselves in the foot. Britain's departure would galvanise other populist movements in France, Italy and Germany. And, if Scotland were to leave the UK, secessionist movements in Spain and Italy might thrive.

Lastly, the loss of the UK would make a big difference to the balance of power within Europe. Countries that have historically supported free markets would no longer hold a blocking minority under Europe's qualified majority voting system, according to Open Europe, a think tank. Ideological differences between member states would become more acute.

The balance of power probably still lies with Europe, as the UK has more to lose, and its negotiating position after Brexit would be weak. However, the long-term consequences mean that both sides have an incentive to find a deal. Brexit should be an avoidable accident.

Published on Feb. 2 2016

Cameron's EU deal just worth paper it's written on

By George Hay

David Cameron has a deal with Europe that's just about worth the paper it's written on. The UK prime minister emerged on Feb. 19 with a way of forcing the 27 other members of the European Union to re-examine financial reforms that it doesn't like. But it probably won't mean unfriendly rules can't get through – and it won't ensure Britons vote against leaving the union.

Cameron's deal encompasses other areas like immigrant benefits and commitments on UK sovereignty. But the bit that most affects Britain's financial sector is a new unilateral "safeguard". If Britain thinks a new reform damages its interests, it can force European leaders to gather to discuss the issue. This is progress of sorts: an alternative likely scenario was that the lever could only be pulled by Britain and one or more countries acting together.

What Cameron hasn't changed is a more fundamental imbalance. Euro zone countries' financial systems are growing closer via a beefed-up banking union, in accordance with the ongoing goal of harmonization towards a more efficient single market. A voting system introduced in 2014 means euro countries can outvote those outside the currency union via the European Council's qualified majority system.

Imagine euro zone legislators decide all bankers have to speak French, to the certain chagrin of the City. The new deal would allow Cameron to call a meeting of the 28 states to debate the issue further, which might change minds. But there would be no obligation for them to shift their positions, and the voting imbalance would stop the UK being able to reverse the edict.

It's arguable that all this doesn't matter too much. Lots of the really important European financial legislation takes its cue from global regulatory groups, where the UK has negotiating influence. And there's value in putting in writing that the financial stability of countries outside the euro zone is a matter for domestic supervisors.

Either way, the health of the City is unlikely to be a vote-winner in Britain's forthcoming referendum over whether Britain stays or leaves the EU. Cameron probably hasn't changed the odds of "Brexit" much. But the financial sector has marginally more clarity about its European rules of engagement.

Published on Feb. 19, 2016

British Prime Minister David Cameron prepares to address the media after a European Union leaders' summit in Brussels, Belgium, February 19, 2016. REUTERS/Dylan Martinez

France tries potent anti-Brexit ploy: threats

By Swaha Pattanaik

Threats sometimes work better than tender inducements. French Economy Minister Emmanuel Macron may have had that in mind as he warned darkly about what might happen if Britain votes to leave the European Union in a referendum on June 23.

Such an exit could induce France to put paid to a bilateral agreement which allows Britain to carry out border controls on the French side of the Channel, Macron said in a Financial Times interview published on Thursday. This could see migrants currently camped at Calais waved through. For good measure, Macron added that UK access to European financial markets would work less well, and that an EU leaver would not be able to secure the same access to the single market.

A sign saying Great Britain in French stands in the car park at the Euro Tunnel terminal in Calais, France, April 6, 2016. REUTERS/Phil Noble

This will no doubt be branded as scare tactics by those who want Britain to quit the EU. Those who favour leaving might also dismiss the threat from Calais. British immigration numbers have been swollen more by migrants from other EU countries than by asylum seekers, which is probably how many of those who want to cross over from the French port town to Britain would be classified. EU citizens accounted for more than half of the net 323,000 migrants into the UK in the year ending September 2015, according to official data published on Feb. 25. By comparison, there were 38,878 asylum applications in the 2015 calendar year.

Even so, Macron's threats could be potent. Fear of immigration can be a more powerful motivator than economic arguments about the benefits of staying in the club. Immigration and immigrants topped the list of the most important issues facing Britain at the moment, according to an Economist/Ipsos MORI poll published at the end of January. The Frenchman is also sending a message to wavering voters that other EU countries could make negotiating an exit pretty painful. Logic changes minds; fear may also change voting habits.

Published on March 3, 2016

Scary data won't settle the Brexit debate

By George Hay

The campaign against the UK leaving the European Union is going to need a bigger boat. By putting helpful numbers on the potential hit to national output should Britons vote for Brexit in June, a couple of weighty economic research papers on March 21 implicitly reinforced the case for staying in the bloc. But they don't create a scary enough scenario to sway the vote.

Both PricewaterhouseCoopers and Oxford Economics have built economic models that ask what kind of deal the UK could expect if it had to renegotiate trade treaties after an exit, and then show what would happen to growth. The upshot isn't encouraging. PwC reckons that a UK that couldn't strike a free trade pact could see 3.5 percent off what national output in 2030 would otherwise be. Oxford Economics estimates such a shock, plus the hit to the UK labour supply as freedom of movement is reined in, could erase 3.9 percent of GDP.

This is all grist to the mill of those inclined to fret about "Brexit". Oxford Economics reckons the UK would need to save 1.7 percent of GDP through new austerity measures, half the fiscal consolidation undertaken between 2010 and 2014, to stick to existing debt forecasts – and that's factoring in the net 8.5 billion pounds it would no longer have to pay annually to the EU.

Yet as worst-case scenarios go, it's just not that bad. Even assuming the hit is 3.9 percent, it would mean GDP in 2030 is 136 percent above where it is now, instead of 141 percent. If the UK later moved towards an open-door policy on migration and a smoothly negotiated new trade deal with the EU, which admittedly is pretty unlikely, the hit to UK GDP in 2030 would be just 0.1 percent, Oxford Economics reckons.

Even if voters thought in terms of abstract concepts like GDP, which they almost certainly don't, such maths is unlikely to change many minds. The conventional wisdom is that the remain campaign needs to terrify voters into voting to stay in Europe on June 23. It might be a good idea to focus on more positive arguments too.

Published on March 22, 2016

Banks on Brexit: deeds count more than words

By John Foley

Global banks are tying themselves in knots over Britain's June 23 referendum on European Union membership. Bank of America Merrill Lynch has gone as far as to tell managers to avoid the word "Brexit" in talks with clients, the Financial Times reported on March 29. Silence is helpful. More so would be greater efforts to make banks' views valid outside London's financial ivory tower.

It is logical enough that senior employees of large banks favour the UK staying in Europe. There are counterexamples, but Goldman Sachs, JPMorgan, Citi and HSBC have all backed staying in the bloc. Goldman and JPMorgan have even funnelled money to the campaign to remain. If the UK left and lost its financial "passport" to Europe, many traders and operations might be unable to stay and could decamp to Frankfurt, Paris, Amsterdam or Dublin.

Britain's Chancellor of the Exchequer George Osborne joins JPMorgan CEO Jamie Dimon at a Remain event in Bournemouth, southern Britain, June 3, 2016. REUTERS/Dylan Martinez

There's a strong case for saying that banks should keep quiet. Wall Street is tainted in the minds of many Brits, and it's not clear that what benefits London helps everyone else. The gross value added by the capital has increased twice as fast as the north-east of England since 2009, according to official UK data. Supermarkets like Tesco, J Sainsbury and Wm

Morrison, which operate nationwide, have kept their counsel on Brexit.

Banks can better claim a role in the debate by showing they benefit the whole country. JPMorgan employs 4,000 people in the seaside town of Bournemouth – almost as many jobs as hang in the balance at the failing Port Talbot steel plant that Indian conglomerate Tata has put up for sale. With 2.2 million jobs in the UK – two-thirds outside London, according to TheCityUK – finance is more strategic in employment terms than steel.

Global financial firms ought to do more to build on that. Goldman Sachs is one of the few that hasn't hired outside London. That offsets its pro-EU efforts. Deutsche Bank, Citi and Bank of America have hired thousands of staff in Birmingham, Belfast and Chester respectively. That is a good start. For big finance in general, pledging to add many more workers away from the capital - if the UK votes to stay - would put them in a better position to make a difference.

Published on March 30, 2016

Brexit job risk threatens more than just bankers

By Dominic Elliott

The spectre of higher unemployment is a valid reason for the UK to vote to stay in the European Union. Britain might be down 100,000 finance roles by 2020 if it quits Europe, says TheCityUK, a trade group. In isolation, that could be manageable. The reason non-bankers should care is that the real impact could be wider.

Big numbers like the one crunched by PwC on behalf of the TheCityUK can deceive. There are around 1.2 million financial sector jobs in Britain, according to the new report. For the City of London alone, the Centre for Cities and Cambridge Econometrics pencil in 3 percent employment growth between now and 2020. Scale that up to the UK's financial services industry as a whole and there might be 36,000 new jobs created over that period. That implies Brexit might eliminate 64,000 financial sector jobs that currently exist - or about 5 percent of the total. That sounds bad, but hardly apocalyptic.

Focusing too narrowly on finance is misleading, however. The sector's spending power creates jobs in many other industries. Banks, insurers and their employees buy everything from legal and accounting services to white goods and food. It is hard to put an exact number on the contribution to labour markets of the Canary Wharf morning latte run, or its denizens' Crossfit sessions. That doesn't mean it is negligible.

The trouble is, redundancies elsewhere may grab the headlines. The UK's steel industry had around 16,000 employees in 2015, according to the ISSB. But a crisis brought on by low prices has led to a reduction of about a quarter of the workforce in the past 12 months. That pain is real and current.

It seems probable that Brexit would trigger bigger job losses both in the financial sector and elsewhere. A report from the London School of Economics on April 15 estimated that foreign investment into the UK could fall 22 percent over the next decade. It is of course feasible that business and investment will later return to Britain. It is also possible that the pain could be prolonged.

Published on April 15, 2016

Pro-Brexit camp learns risky lesson from Scotland

By Swaha Pattanaik

Britons are being deluged with data. Those who want the country to leave the European Union are as likely to reel off supportive facts and figures as those who want the stay in. But the pro-Brexit camp is thus far resisting the temptation to use complex economic models to prove its point.

Take for instance the UK finance ministry's analysis of how some alternatives to EU membership might affect the economy. Published on April 18, this door-stopper of a document estimated that after 15 years the annual loss of GDP per household would be between 2,600 pounds and 5,200 pounds, depending on the sort of trade relationship negotiated. It even includes an outline of the economic model used, and mathematical equations for good measure.

So far, so predictable – it's possible to construct models to say whatever you like. Perhaps more surprising is that Leave campaigners have so far refrained from coming out with heavyweight economic analysis of their own.

True, Scotland's pro-independence camp made itself look silly by doing just this in 2014. It relied on heroic assumptions, including oil prices at $110 a barrel and rapid population growth, to come up with forecasts that the average Scot would be economically better off if there were a secession. With oil prices currently less than half that level, these assumptions now look ridiculous.

Leave campaigners may be betting that it's not worth running this risk, especially since it's far easier to poke holes in others' models than construct a foolproof alternative. Leave reckons the government's analysis hinges on an increase in net migration, which they would probably cut if they win the vote.

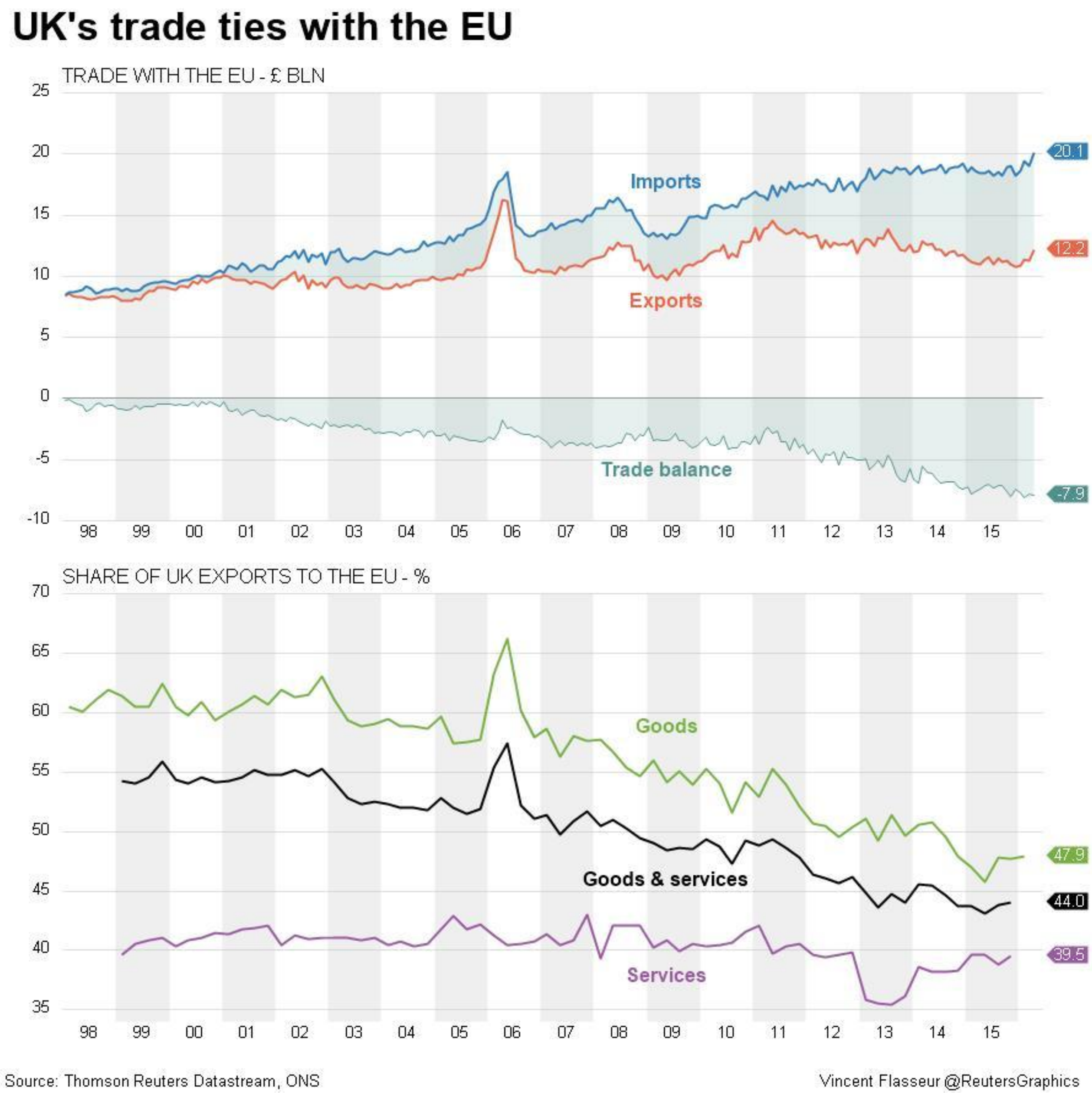
The catch is that this spotlights one of the weaker points of the Leave argument – that post-Brexit they could have a free-trade agreement without free movement of people. That looks tricky. So does winning the vote without any serious economic analysis.

Published on April 19, 2016

Pain-free post-Brexit trade deal is a pipedream

By Swaha Pattanaik

German carmakers and French farmers will help Britons have their cake and eat it too, according to the UK justice minister. Michael Gove wants to leave the European Union, and says lobby groups in other countries will, from self-interest, insist their governments preserve free-trade arrangements.



No doubt automakers in both Germany and France would prefer this, given British drivers bought 2.6 million cars in 2015, second only to Germans in the EU. So would others in the EU that export to Britain. As those who want to leave often point out, the UK last year bought nearly 68 billion pounds more worth of goods and services from other EU countries than it sold to them. It was the third biggest export partner for Germany and the fifth most important for France. But even apparently no-brainer trade deals can be hard to secure.

If German automakers could really dictate how their government behaved, a proposed EU-U.S. free trade deal would already be signed, sealed and delivered. All the more so since the United States has become Germany's most important trading partner when it comes to exports, surpassing even neighbouring France. Yet talks over this so-called Transatlantic Trade and Investment Partnership (TTIP) are bogged down by differences over things like how to resolve investment disputes.

Similarly, Britain could well find that free movement of labour - anathema to many who want to leave the EU – are inextricably linked to discussions about trade terms. Ditto compliance with EU norms and regulations. Haggling will be even harder if European politicians fret others could follow Britain's lead once they see it's possible to enjoy all the trade advantages of EU membership without incurring any costs. Such considerations can easily trump the interests of specific industries.

So what, proponents of leaving the EU might argue, given the rest of the world is open for business while these sort of niggly details are being settled. But there's still the issue of what sort of trade agreements Britain could hope to secure with big low-cost emerging market countries, such as China, when it is simultaneously trying to protect domestic industries, such as steel, from competition from their producers. Or how much clout it would have on its own. German automakers and French farmers aren't the only ones whose self interest is at stake.

Published on April 20, 2016

Brexit advocates: heed the tale of Herb Kelleher

By Olaf Storbeck

If a British exit from the European Union were to make travelling more cumbersome, it's not just city breaks in Tallinn and stag nights in Barcelona that would suffer. Pricier travel could also kill off incipient scientific advances, a recent working paper published by three economists suggests. Those who advocate Brexit may be giving up more than they know.

The study looks at the legacy of Herb Kelleher, the co-founder and long-term chief executive of low-cost airline Southwest Airlines. Christian Catalini of MIT Sloan School of Management and his two co-authors examined the working patterns and productivity of academic scientists in the United States as Southwest expanded between 1993 and 2010. As the airline muscled in on a new route, ticket prices typically fell by around 20 percent, while passenger numbers rose by twice that rate.

When Southwest opened a new route between two airports with nearby universities, the collaboration between researchers at those universities increased by 50 percent, measured via the number of co-authored papers in academic journals. Moreover, these papers tend to get more citations from other researchers - an indicator that they are of better quality.

That seems logical. Scientists who are more productive than their local colleagues might be able to find better collaborators further afield. The results, which factored in publication records for over 20,000 university scientists, suggest that email and video conferencing are no replacement for face-to-face interaction when it comes to scientific progress.

Similar effects are likely to prevail in the corporate world - especially with regard to small and medium-sized enterprises that have limited travel budgets. The bosses of Europe's largest no-frills airlines Ryanair and easyJet are vocal supporters of Britain staying in the EU. If it votes to leave the EU on June 23, useful connectivity may be impaired.

Ryanair and easyJet have both started to woo business travelers and have ambitious growth plans - which in turn pushes national carriers to keep their prices low. A British exit from the EU, by contrast, might hinder the launch of new routes between the UK and the continent, or make flights more expensive. The tale of Herb Kelleher suggests that could leave the world worse off in ways that will only become apparent much later.

Published on May 6, 2016

Carney's Brexit forecast: fog followed by storms

By Swaha Pattanaik

Mark Carney has handed new ammunition to those who want Britain to stay in the European Union by painting scary scenarios of what might happen if it left. The more immediate problem is that the Bank of England chief has no real idea how much referendum uncertainty is to blame for the current economic slowdown.

Carney said on May 12 that Brexit could see the economy grow far more slowly than he currently expects, and possibly even tip it into recession. Worse still, it might simultaneously fuel inflation, presenting the UK central bank with a dilemma about whether it should cut policy rates to support economic activity or hike them to keep a lid on price rises. Right now, it just doesn't know whether it will err on the side of the former or the latter.

On the one hand, sterling would probably fall sharply if there was a vote to leave. This would push up the price of imports and therefore headline inflation, all other things being equal. But other things wouldn't be equal at all. Leaving the EU could spur companies to delay investment and stop hiring. Unemployment fears would dampen household consumption. All this would exert some downward pressure on inflation. Would the separate downward and upward inflation pressures balance out? It's impossible to know. To complicate matters, perhaps a fall in sterling might eventually help exporters and therefore growth – but it's not clear how much or when.

Governor of the Bank of England Mark Carney delivers his monthly Inflation Report at the Bank of England in the City of London, Britain, May 12, 2016. REUTERS/Dylan Martinez

Visibility is no better in the short term. Uncertainty is at its highest since the euro zone crisis, according to a measure constructed by the BoE. And rate-setters are finding it hard to judge how much of the recent economic slowdown can be blamed on uncertainty about the referendum and how much is due to an underlying loss of momentum that has nothing to do with the vote. By the time they find out, monetary policy may have some catching up to do.

Published on May 12, 2016

An appeal to London's Brexit banker castoffs

By Rob Cox

If British voters vote to leave the European Union on June 23, many global banks have said they may be forced to relocate thousands of jobs from the City of London to other financial centers in the European economic bloc. This (fictional) letter from the mayor of Antwerp, Belgium to the chief executive of one of those banks sums up the pre-emptive pitch cities and regions across the continent will make for those jobs in the event of Brexit.

Dear Mr. Dimon,

It is with pleasure that I bid you a hearty “welkom” from the great city of Antwerp. I write this letter knowing that you are probably deluged with similar invitations from cities across the European continent. None, however, can match the charms, ease of doing business, cosmopolitan history and rich gastronomic and cultural traditions of Belgium's second-largest city.

My counterparts in Paris, Milan, Frankfurt and even Madrid are all reportedly courting you. They are probably offering tax breaks, special economic zones, maybe even free office space. They are all wonderful places. But before you commit to sending a single derivatives trader to these crowded metropolitan areas, I urge you to visit Antwerp, a manageable city of half a million people with plenty of room to spare for your unusually talented staff.

It won't take you long to get here - we are an hour's flight from London's City Airport. If you prefer the comfort of the train, we're just a couple of hours from Paris and Amsterdam. There is no more central location in Europe: I can practically see Maastricht, the town in which the European Union signed its most important treaty, from my office window.

In Antwerp, your bankers will enjoy unparalleled respect from the local citizenry. Unlike London or Paris, they will not be demonized. No major financial institution has been headquartered here since KBC regrettably wound down the once-proud and prosperous Antwerp Diamond Bank in 2014. And while it's true that Belgium's banks suffered in the financial crisis, Britain hardly fared any better. I can assure you that JPMorgan workers will be greeted like returning heroes.

It is also true that few European cities can match Antwerp's openness to people of different ethnic backgrounds and religious creeds. Did you know that our city has one of the largest Jewish communities in Europe, with more than 15,000 members? Did you know that there are nearly 2,000 members of the Jain faith here in Antwerp? Armenians, too, have found great success and freedom in our city, as have Moroccans, Turks and other groups.

Many of these migrants work in the Diamond Quarter. Through this square mile of our city more than two-thirds of the world's rough diamonds pass every year, generating tens of billions of dollars in revenue. We know what it means to be a multicultural hub and a global capital of commerce. We even have our own newspaper dedicated to money: With De Financieel-Economische Tijd in our backyard, there's no need for The Financial Times!

Internationalism is nothing new to us. Four centuries ago, when Milan was a mere duchy and Paris a choleric backwater, we were the second-largest city north of the Alps. For a time, Antwerp was the sugar capital of Europe, and the richest city in the realm. For decades, all of the world's trade in pepper, silver and textiles passed through here. If Napoleon hadn't lost at Waterloo, he would have developed Antwerp into the greatest port in the world.

With perhaps only London matching our history as a trade and financial center, JPMorgan will find Antwerp a most hospitable destination for its diverse workforce. For your homesick employees from the United States, we even have our own suburb of Hoboken. While I acknowledge that Flemish is a difficult language, English is our second tongue - to the chagrin of our bureaucratic leaders in Brussels, we've never been particularly comfortable speaking French. Besides, if my New Flemish Alliance gets its way, Flanders will eventually secede from the rest of Belgium.

Before I close, it would be remiss of me not to inform you of our many cultural attractions. The Rubenshuis is the former home of Peter Paul Rubens, the great baroque painter, and our Royal Museum of Fine Arts is filled with masterpieces like Alexandre Cabanel's "Cleopatra Testing out Poison on Condemned Prisoners".

Upon their transfer to Antwerp, JPMorgan employees will enjoy a cornucopia of local gastronomic specialties, like Poolster's pickled herring and Equinox butcher's delicious horse-meat, all washed down by a bolleke of the beer De Koninck Brewery has been producing since 1833.

So, as you can see Mr. Dimon, Antwerp offers many features that you cannot find in Frankfurt, Paris, Amsterdam or Milan. It is a beautiful, well-situated city with a vibrant multicultural workforce. And we can throw in the tax breaks, free office space and anything else that will convince you to make Antwerp the future European headquarters of JPMorgan.

Sincerely,
Bart De Wever
Mayor of Antwerp

Published on June 16, 2016

Why I have voted for Brexit

By Edward Chancellor

On June 23, Britain votes on whether to remain in the European Union. Being out of the country on that date, I applied for a postal vote. I have marked my ballot paper, with a certain trepidation, in favour of leaving the EU, or Brexit. At first I worried this vote conflicted with my cosmopolitan leanings. On reflection I decided that by rejecting the EU I showed greater fellow feeling for the citizens of Europe, and was more faithful to the continent's highest ideals than those who wish to remain.

Legions of economists, policymakers and political grandees from around the world have warned of the economic threat of Brexit. These voices lack credibility. None of the Remain economists, to my knowledge, anticipated the global financial crisis. The UK Treasury claims that British incomes will be lower for years after leaving the EU. The same Treasury, however, has consistently had problems forecasting next year's UK GDP. Not long ago, many politicians and businesspeople argued that Britain would miss out if we didn't join the European single currency. We now know that the real calamity would have been joining the euro.

In truth, the greatest economic risk posed by Brexit comes from the threat of retaliation by our erstwhile European "partners". Given that Britain runs a large trade deficit with Europe, a trade war would be irrational. It is a poor reflection on the EU that such a threat should be credible.

Of course, leaving the single market creates uncertainty - a state of affairs which repels the modern breed of policymaker. In the past, developed economies have withstood far greater shocks. The growth of the U.S. economy, for instance, was only temporarily set back by the Great Depression. Nor did it take many years after 1945 for Germany's output per capita to return to its pre-war trend. It's inconceivable, in my view, that Brexit could by itself permanently damage Britain's economic prospects.

Even if the economic arguments are overblown, doesn't a vote for Brexit reveal an unattractive petty nationalism at odds with modern progressive values? Doesn't my vote put me in bad company?

I don't believe so. At university, I read 18th-century European history. The ideals of the Enlightenment - a preference for reason over tradition, for economic individualism over state control, for tolerance over bigotry, and a belief that relationships between nations should be governed by the rule of law - remain close to my heart. The same notions guided the founding fathers of the post-war European project.

The EU has since betrayed those ideals. In 1795, Immanuel Kant, the German philosopher who coined the term "Enlightenment", wrote "Perpetual Peace: A Philosophical Sketch". In this essay, Kant showed profound respect for a state's separate identity: a state "like the stem of a tree has its own root… to incorporate it as a graft on another state, is to destroy its existence as a moral person." The consequence of bundling states together, even when done peacefully through dynastic alliances, would be that the "subjects of the state are used and abused as things that may be managed at will".

Kant defined a republican government as one that gained the "consent of citizens as members of the state". He preferred this to despotism, characterised by "the irresponsible executive administration of the state by laws laid down and enacted by the same power that administers them". While Kant proposed an international federation of states to avoid war, this "would not have to take the form of a State made up of these nations". Such a superstate would not allow the existence of a free state, which by definition both made and applied its own laws: "Each state," wrote Kant, "places its majesty (for it is absurd to speak of the majesty of the people) in being subject to no external juridical restraint".

Since its inception in the 1950s, the European project has morphed from Kant's ideal of an international federation into something akin to the late Habsburg Empire - a sprawling and fractious conglomeration of nations struggling against centripetal forces. The EU's form of government, in Kantian terms, can be described as "despotic", since the public's consent has not been gained.

During the interminable years of the euro crisis, unemployment in parts of Europe has exceeded Great Depression levels. The citizens of Greece, Spain and elsewhere have been force-fed austerity by the EU with little prospect of eventual economic recovery. If the EU cared for its citizens, or was properly accountable, substantive reforms would have been enacted. This hasn't happened. As a result, discontent across Europe is fostering political extremism of the 1930s variety. Sooner or later something must give.

A vote for Brexit, I believe, puts me in the best company. It shows solidarity with the long-suffering European public and complies with the principles of Kant, the greatest of Enlightenment philosophers.

Published on June 16, 2016

Boris Johnson gestures during an "Out" campaign event, at Europa Worldwide freight company in Dartford, Britain March 11, 2016. REUTERS/Peter Nicholls

Why I'm voting to remain in Europe

By Hugo Dixon

Until about five years ago, I didn't give much thought to whether Britain should stay in the European Union - because quitting didn't seem like a realistic prospect. Insofar as I did consider the matter, I had a vague feeling that we were better off in than out - but knew I would need to delve into the topic to understand why that was so.

In the early part of the century, I was too busy setting up Breakingviews to do this. Our initial focus was on the dotcom bubble and corporate finance. We didn't do much macroeconomics, let alone politics. For example, we sat out of the debate over whether Britain should join the euro.

But during the credit bubble, our focus changed. We worried that the financial system was getting over-leveraged. When the crunch actually came, the story became banks, macro and crisis - and the political response to all that.

The credit crunch mutated into the euro crisis - during the early days of which we sold Breakingviews to Thomson Reuters. I immersed myself in the Greek crisis. I now saw myself as a political economist rather than a financial journalist.

Freed of a day job, I also wrote a book about whether we should stay in the EU. After David Cameron declared himself in favour of a referendum during a speech in January 2013, it was clear that this was going to be the big political issue of the coming years.

My initial focus was on the economic arguments - in particular, the line that we could stay in the single market while quitting the EU. But the more I examined it, the more I realised that none of the alternatives for trading with the EU - such as the Norwegian and Swiss options - were any good. They involved less access to the single market, while moving from being a rule-maker to a rule-taker.

I also became aware of the ghastly phrase, “non-tariff barriers” - the panoply of regulations that gum up trade, especially in services. The EU’s original common market was about removing tariffs. The move to create a single market since 1992 has been about dismantling non-tariff barriers. Trade liberalisation in the 21st Century will be almost entirely about further getting rid of rules that stop commerce because most tariffs have already gone.
The more I thought about this, the more I realised how Britain, whose economy is 80 percent services, has a huge amount to gain from EU projects like capital markets union and the digital single market. These will extend the single market to the liveliest industries of the future, where Britain excels.

We’d also be hurt if we lose full access to the single market. For example, the City would no longer have a passport to operate freely across the EU. It would suddenly face a massive “non-tariff” barrier.

I still think the economic case for staying in the EU is powerful. But over the past year or so, geopolitical considerations have played an even bigger role in my thinking. Consider the boiling cauldron of the Middle East and North Africa. Unless we find a way of stabilising this region, Europe will be troubled too. We can’t just pull up an imaginary drawbridge.

The idea that Britain can do anything useful about this if we quit the EU is pie in the sky. Surely we have learnt - from our wars in Iraq and Libya, and from Angela Merkel’s unilateral offer to Syrians to come to Germany - that when Europe is divided, our interventions will cause more trouble than good.

There’s even a risk that Brexit will lead to the breakup of both the UK, with Scotland going its own way, and the EU. How can that make us safer and stronger? The possibility that Donald Trump, an anti-NATO bully, may be the next U.S. president makes me all the more keen to stay in the EU.

By contrast, if we remain, we can be one of the EU's leaders. We can help devise a joined up economic and political plan to settle the Middle East and North Africa. There are no quick fixes. But surely we must try.

As the referendum campaign has progressed, another consideration has weighed on me. The Leave camp has been running a campaign of misinformation - telling the voters that we send £350 million a week to Brussels - when we don't - and that Turkey is scheduled to join the EU in 2020 - when it isn't.

If Britain votes to leave, post-truth politics will have triumphed - polluting our democracy. We must fight that with every sinew.

Published on June 16, 2016

A woman hands out leaflets campaigning to stay in Europe for the Brexit vote in London, Britain, May 20, 2016. REUTERS/Kevin Coombs

Climate is in firing line from Britain's EU vote

By Olaf Storbeck

In the fight against climate change, Britain punches above its weight. That era will almost certainly end if the majority of voters back the country's exit from the European Union on June 23.

The UK is a role model for anyone who hopes to mitigate global warming. Since 1990 the country has reduced its carbon dioxide emissions by 28 percent, compared to 21 percent across the whole EU. By launching an emissions trading scheme as early as 2002, the country was an early adopter in using market mechanisms to lower emissions. Its 2008 Climate Change Act - which got nearly unanimous support in parliament - introduced the world's first legally-binding climate change target. It requires the country to lower greenhouse gas emissions by at least 80 per cent by 2050.

In itself, all this laudable action would have not made any notable difference on a global scale. Britain in 2014 accounted for a mere 1.2 percent of the world's carbon dioxide emissions. China is responsible for around 30 percent, followed by the United States' 15 percent. The only way for Britain to make a real difference is by convincing much bigger and politically powerful countries to follow its lead.

The EU has until now fulfilled that role. The fact that the bloc has one of the world's most ambitious climate change targets is due to a large degree to British persistence and diplomatic aptitude. Take the EU's 2030 emission targets, which in 2014 imposed the legally binding obligation on member states to cut greenhouse gases by at least 40 percent by 2030. Poland and other eastern European members fiercely opposed this high bar. It was the UK government, and the "Green Growth Group" of 13 European countries it had forged, that eventually pushed through the tougher targets.

At last year's crucial climate summit in Paris, the EU's self-imposed commitments underpinned its role as a credible broker that helped to convince the United States and China to play along. Leaving the EU would make it much harder for Britain to continue playing this role. Not only would London lose its voice and voting rights in Brussels, but at the same time coal-loving countries like Poland would gain in relative influence. If Britons vote themselves out of Europe, an important force for climate change action will be greatly diminished.

Published on June 20, 2016

France at risk of catching referendum bug

By Swaha Pattanaik

Britain's referendum on European Union membership has the power to inspire others. The Dutch may find it easiest to force a copycat vote since a law passed last year gave citizens more power to demand such plebiscites. Far more dangerous for the bloc would be if the French wanted a say.

The Franco-German nexus has been the motor for European integration for more than half a century. So, theoretically, there should be little risk in offering Gallic voters a chance to reaffirm their support for the project. But things aren't so clear cut. A Europe-wide drop in the proportion of people who view the EU positively was the most marked in France, a recent Pew Research Center survey showed. Only 38 percent of French respondents had a favourable view of the bloc, down 17 points from last year and the second lowest after austerity-hit Greece.

The malaise matters because far-right National Front party leader Marine Le Pen has promised to organise a referendum on leaving the EU if she comes to power. Polls show she could lead the pack in the first round of the 2017 presidential elections, depending on whom the centre-right Les Republicains pick as their candidate. While Le Pen is expected to lose the second round, she will have plenty of scope to shape the debate.

Most mainstream French politicians don't want to hold a referendum. Memories of voters' 2005 rejection of a proposed EU constitution may have something to do with it. And leaving the EU is a far bigger deal for a euro zone member than for Britain, which never gave up its currency. But enough pressure from Le Pen and the polls could make it more tempting to contemplate the same pre-election gamble that enticed British Prime Minister David Cameron, who was trying to unite his Conservative Party.

Neither the ruling Socialists nor the opposition Les Republicains are plagued by UK-style rifts over the EU. Still, a strong Le Pen showing could goad them into considering ways of stealing her thunder. If so, Britain will be a reminder of the risks of succumbing to opportunism.

Published on June 21, 2016

Red and green traffic lights direct traffic in front of the Big Ben bell tower at the Houses of Parliament in London, Britain February 22, 2016. REUTERS/Luke Macgregor

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Cover: A British Union flag and an European Union flag are seen flying outside the European Commission headquarters in Brussels, Belgium, June 1, 2016. REUTERS/Francois Lenoir