

Britain's Great Bet

Wagering on the future of Europe.

BY LUDGER SCHUKNECHT

Our British friends have a long history of betting on all kind of things. And so they bet on the result of the EU membership referendum set for June 23, 2016. According to the latest bookmakers' quotes, the United Kingdom would leave; so betting on "stay" may be rewarded with higher returns. In my view, the same holds true for the real world. Let me give you three reasons why.

First, it takes two to tango. The United Kingdom stands for competitiveness, for liberal trade, and for a flexible market economy. These are objectives we share in the European Union and especially in Germany. These are objectives we all need to pursue if we are to safeguard achieved prosperity, living standards, and stability. Losing the United Kingdom's liberal voice within the European architecture would weaken the European Union economically and politically. A weakened European Union, in turn, would by no means be in the interest of the United Kingdom as interlinkages via trade, the financial market, and not least international diplomacy are likely to remain important. If one side of the Channel suffers, the other cannot prosper.

Second, strong powers still set the rules of the game in global politics and economics. And we need good rules to have a good game. Since the last debate on British EU membership in the 1970s, global powers have shifted hugely, making individual European countries tiny wheels in a globalized world. Hence, it is better to be part of Club Europe and play a strong hand from within.

Third, as with any club, the option of "leaving the European Union" exists—at least in theory. However, the option of "leaving Europe" does not. The United Kingdom will always be a part of Europe, no matter how frequently some may point to an alleged divide between continental Europe and "the islands." How much say in the European decision-making process the

Brits would have crucially hinges on them being members in the club or not. Outside, the United Kingdom will be more at "the mercy" of both Europe and others. And Europe might be a less liberal player than the United Kingdom could make it.

Still, the referendum debate has its pros. It has initiated a helpful and necessary debate on centralization versus subsidiarity in the European Union. It is true that issues of a global dimension require common solutions. The single market, effective and even-handed financial sector regulation, and foreign and security policy are aspects that greatly benefit from a European approach. On the other hand, centralization is no panacea for all kinds of calamities. There are indeed competencies that are better performed at the national or regional level, in particular where social and other preferences differ across the union. The United Kingdom has rightly pushed the European Union to better reflect this principle of subsidiarity.

So what can we learn from the referendum debate? Like in a personal relationship, it is important to keep working on common grounds, a common purpose, and common solutions. At the same time, it is important to leave sufficient room for individual development. The UK debate shows the rich and unafraid discourse of a rational, self-confident country with centuries of democratic history. Courageous and rational decisions have been the underpinning of this history and success. I am betting on our British friends making the right bet yet again and getting the higher return—staying in the European Union. ♦

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The United Kingdom will always be a part of Europe.

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Stay	1/3	1/3	1/3	1/4	1/3	1/3	4/11	1/3	4/11	6/17	1/3	1/3	3/10	1/3	1/3	4/11	6/17			1/3	6/19	2/5	2/5	2/5	
Leave	9/4	9/4	12/5	13/5	12/5	9/4	11/5	9/4	2	2	9/4	9/4	12/5	9/4	9/4	21/10	2		2			2	17/10	23/10	

Oddschecker.com summarizes betting odds on the Brexit referendum, early May 2016.