DOI: 10.1007/s10272-017-0693-4

Paul J.J. Welfens and David Hanrahan

The Brexit Dynamics: British and EU27 Challenges After the EU Referendum

Prior to the Brexit referendum, the UK government sent an information brochure to households across the country. Surprisingly, key findings of a study by the UK Treasury – including an expected per capita income loss of £1800 – were not included in the brochure. Calculations indicate that if this information had been included, the outcome of the referendum would have been 52.1% for Remain. Instead, the pro-Brexit campaign utilised anti-immigrant rhetoric to create a scapegoat for the under-provision of local public services, when actually this was due to massive cuts in budget transfers to local communities after the financial crisis. Looking ahead, major reforms are now necessary if the EU is not to disintegrate. Given the fresh support in the UK and US for banking deregulation, the EU must stand firm in support of prudential supervision and banking regulation to prevent a new international banking crisis.

With the results of the snap election of 8 June 2017, the "hard Brexit" strategy of Prime Minister Theresa May suffered a blow, as the Conservative Party lost its majority and was forced to form a coalition government with the Democratic Unionist Party from Northern Ireland – where a majority of voters were in favour of Remain in the 2016 Brexit referendum. A hard Brexit has thus become less likely, not least because Northern Ireland prefers a flexible border regime with the Republic of Ireland. This paper looks at the background and dynamics of the referendum and highlights some new facts.

May has argued publicly that a lack of consensus in the British Parliament was one of the main reasons behind her decision to call for early national elections – the strong opposition to Brexit from the Scottish National Party, the Liberal Democrats and indeed some backbenchers within her own Conservative Party seemed to be problematic for the UK government. Given the election results, the prospects are now quite slim that May's government will be able to achieve any negotiation results in Brussels which could garner majority support in the British Parliament in 2019.

Paul J.J. Welfens, EIWW/University of Wuppertal, Germany; and the American Institute for Contemporary German Studies, Johns Hopkins University, Washington DC, USA.

David Hanrahan, EIWW/University of Wuppertal, Germany.

At the same time, opinion polls suggest that support for the EU has increased in many of its member states, while negative attitudes towards the EU have fallen in almost all member states, including the UK (see Figure 1). This is possibly due to the adverse effects associated with Brexit, combined with an improvement of the economic situation in all EU countries compared to early 2016.[1]

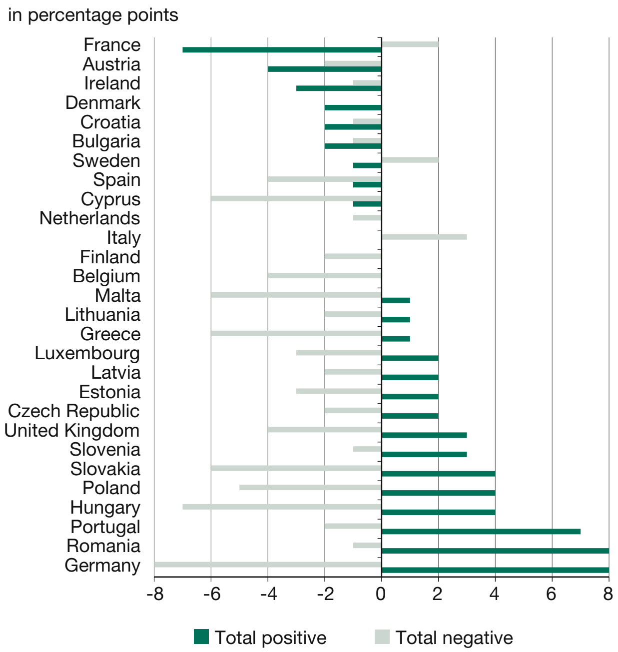
With the departure of the UK, the EU's gross domestic product (GDP) will fall by about 16%. Since the economic weight of the EU27 will be significantly smaller than that of the EU28, international trade negotiations might become more difficult in the future, as the EU's economic and political power will be diminished. The UK faces an even more difficult problem, in that it will have to negotiate free trade treaties with dozens of countries once it has left the EU.

Thus far, there have not been any major negative economic effects directly resulting from the Brexit vote. However, the economic situation now is less favourable than it was last year, since the recent strong devaluation of the pound has led to a two percentage point rise in the inflation rate. This has consequently reduced the real income of workers by about two per cent.

There will be a further decline in the output growth rate in late 2018, once the main EU-UK negotiation results become known: an exit bill for the UK could amount to about €40-50 billion, which would be close to two per cent of the

1 European Commission: Standard Eurobarometer 86, Autumn 2016; and European Commission: Standard Eurobarometer 85, Spring 2016.

Figure 1
Change in attitudes towards the EU, spring-autumn 2016



Sources: Own calculations using data from European Commission: Standard Eurobarometer 86, Autumn 2016; and European Commission: Standard Eurobarometer 85, Spring 2016.

country's GDP. Even if these payments were to be spread over several years, this would be a considerable burden for the UK. The more decisive treaty will concern future British access to the EU single market. Currently, nearly 50% of the UK's exported goods and services, representing about 12% of UK GDP, are exported to the EU27. A favourable compromise for the UK would maintain about half of the current UK-EU27 free trade in the future, based on sectoral free trade treaties, for example in the automotive and financial services sectors.

An analysis by the UK Treasury anticipated a six per cent decline of long-run UK GDP.[2] A further four per cent loss was linked to the non-realisation of the gains envisaged from EU single market deepening in the fields of the digital economy, the energy sector and the services sectors, as had been agreed in the negotiations between the UK government and the EU in early 2016. The Treasury study found that a moderate Brexit scenario entailed a per capita income loss of £1800. Oddly, this large figure was not included in the government's information brochure for the voters; conversely, in the Scottish independence referendum of 2014, the two government information leaflets for Scottish households informed voters that Scottish independence would lead to a £1400 per capita income loss in addition to the loss of the benefits of British EU membership (from which it follows that Scottish independence from the UK and subsequent EU accession could add up to a per capita benefit of £400 in Scotland).

The rather complex EU-UK negotiations will take quite some time, and it is unclear whether the main issues can be settled by the March 2019 deadline. An analysis of the effects of the 2016 referendum requires an understanding of UK-EU relations. The following section presents a rudimentary history of the developments which led to the UK's decision to withdraw from the EU.

The background to the British referendum

A brief review of the background of the UK's membership in the EU will help provide an understanding of the various points of view on Brexit, as well as on one of the defining issues which helped to shape the ultimate result, namely immigration. First moves by the UK to join what was then called the European Economic Community (EEC) were made in 1961, but British attempts were blocked by French President Charles de Gaulle. The UK, along with Ireland and Denmark, ultimately joined the EEC in 1973 under Conservative Prime Minister Edward Heath. Two years later, the country held the first Europe-related referendum, and indeed the first ever UK-wide referendum, which resulted in 67% voting in favour of the UK staying in the EEC. The constituent country with the highest yes vote was England (69%), followed by Wales (65%), Scotland (58%) and Northern Ireland (52%).[3]

During the 1980s, the UK hampered certain integration initiatives at the European level, reluctant to fully commit to a Europe which was becoming more politicised under Commission President Jacques Delors. UK Prime Minister Margaret Thatcher sought and indeed received a rebate on British contributions to the EEC, as the relative importance of industry versus agriculture in the UK meant that the country was receiving a low share of payments from Europe, particularly under the Common Agricultural Policy (CAP). At the same time, the UK was active as a liberalising influence and a proponent of free trade in Europe, counter to more protectionist countries in continental Europe. For this reason, the UK under Thatcher

2 HM Government: HM Treasury analysis: the long-term economic impact of EU membership and the alternatives, Presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty, April 2016, available at https://www.gov.uk/government/publications/hm-treasury-analysis-the-long-term-economic-impact-of-eu-membership-and-the-alternatives.

3 The Guardian: How we voted, 7 June 1975, available at http://static.guim.co.uk/sys-images/Guardian/Pix/pictures/2015/6/4/1433414893468/Europhoria-7-May-1975-001.jpg.

was a driving force behind the Single Market to spur trade among the member states.[4]

During the late 1980s and early 1990s, however, the UK refused to join the Schengen Area, opted out of the euro and negotiated an initial opt-out of the so-called "Social Chapter" annexed to the Maastricht Treaty. In 1992 the UK had to devalue its currency when the pound left the European Exchange Rate Mechanism. Between 1997 and 2007, the UK was more sympathetic to the cause of the EU and its social market economy, with Prime Minister Tony Blair ending the opt-out of the Social Chapter, and the UK – along with only Ireland and Sweden – placing no restrictions on immigration from new member states in the Eastern enlargement of 2004. At the time, the UK and Ireland were enjoying an investment boom and a housing bubble and were thus in need of migrant labour.

Over the ensuing decade, this sentiment shifted considerably, ultimately leading Prime Minister David Cameron to hold a referendum on the UK's membership in the EU in 2016. The campaign preceding the referendum was characterised not only by misleading claims from politicians, most notably from Boris Johnson, but also by the almost complete consensus amongst economists that Brexit would have serious economic effects on the economy of the UK and indeed Europe. While most observers and market forecasters were predicting a vote to Remain in the weeks prior to the vote itself, Welfens discussed the outcome of a vote for Leave.[5] The information campaign of the Cameron government was also called into question.[6]

The aforementioned study by the UK Treasury, which indicated that Brexit would lead to an income loss of ten per cent,[7] was published after the government had already sent Brexit information brochures to households across the country, and it clearly came too late to have a material effect on the outcome of the referendum.[8] Welfens suggests that the reason for this non-communication of crucial information could be the result of either malicious interference by certain parties within the Leave campaign or disorder within the Cameron government.[9] Based on standard UK popularity functions, one may calculate that if households had known about the anticipated long-run ten per cent income loss – and higher tax rates – the referendum result would have been 52% in favour of Remain.[10]

Without this knowledge, the referendum resulted in 51.9% voting for Leave. Amongst the constituent parts of the UK, the highest vote for Leave was in England (53.4%), followed by Wales (52.5%). Meanwhile, in an almost perfect reversal of the constituent country results in the 1975 referendum, majorities in both Northern Ireland (55.8%) and Scotland (62.0%) voted for Remain.

EU immigration

One of the foremost arguments put forward in support of Brexit was that it would enable the UK to regain control over immigration. Indeed, Cameron had been trying to reduce the numbers migrating to the UK for years. In 2014 he sought to renegotiate immigration with the EU, stressing the financial burden caused by migration to the UK, but he achieved little in terms of restricting free movement within the EU. The EU's position reflected the fact that population growth in the UK as a result of EU migration was marginal,[11] and it was difficult to take seriously the claim that one of the largest economies in the world was unable to cope with the rather average levels of immigration it was experiencing.

However, major cuts to transfers to local government in the wake of the banking crisis led to reductions in the provision of local services, and the rhetoric of British political figures created the impression that services were being stretched as a result of immigration. This is not supported by the evidence, though. Welfens and Atoyan et al. argue that the UK was not even among the top five OECD destination countries for Eastern European emigrants.[12] Moreover, OECD studies show that EU immigrants actually generate a net contribution to the UK government budget and have a higher employment rate than that of native Britons.[13]

4 R. Baldwin et al.: Brexit Beckons: Thinking Ahead by Leading Economists, A VoxEU.org Book, London 2016, CEPR Press, available at http://voxeu.org/system/files/epublication/Brexit_Beckons_VoxEU.pdf.

5 P.J.J. Welfens: British Referendum Pains and the EU Implications of BREXIT, AICGS Commentary, 30 March 2016, available at http://www.aicgs.org/issue/british-referendum-pains-and-the-eu-implications-of-brexit/.

6 P.J.J. Welfens: Cameron's information disaster in the referendum of 2016: An exit from Brexit?, in: International Economics and Economic Policy, Vol. 13, No. 4, 2016, pp. 539-548.

7 HM Government, op. cit.

8 P.J.J. Welfens: BREXIT aus Versehen, Heidelberg 2016, Springer.

9 P.J.J. Welfens: An Accidental BREXIT, London 2017, Palgrave Macmillan.

10 For information on popularity functions, see for example B. Frey, S. Schneider: A Politico-Economic Model of the United Kingdom, in: Economic Journal, Vol. 88, No. 350, 1978, pp. 243-253.

11 This is based on our own calculations using data from the OECD and the UK's Office for National Statistics, which show annual migration from EU member states in the period from 2005-2015 to be between 0.2% and 0.3% of the UK population of approximately 65 million.

12 P.J.J. Welfens: An Accidental…, op. cit.; and R. Atoyan et al.: Emigration and Its Impact on Eastern Europe, IMF Staff Discussion Note, SDN/16/07, 2016.

13 OECD: International Migration Outlook 2013, Paris 2013, OECD Publishing; and R. Kierzenkowski, N. Pain, E. Rusticelli, S. Zwart: The Economic Consequences of Brexit: A Taxing Decision, OECD Economic Policy Papers, No. 16, 2016.

Brexit and EU disintegration

The withdrawal of the UK after more than four decades of membership represents an unprecedented development in the history of the EU, and indeed the first real instance of disintegration rather than integration. While Greenland held a referendum to leave the European Communities in 1982 and eventually left in 1985, it is not a comparable situation when one considers the relative populations, economies and political challenges posed by Greenland and the UK. The UK is the second largest economy in the EU, accounting for nearly a fifth of the EU's GDP and an eighth of its population.

Beginning in 2020, when the next framework for the EU's finances will be finalised, the problem of the UK's contributions to the EU budget will be pressing. The UK's net contribution of about £7.6 billion will need to be funded by increased contributions from the remaining member states, or the already inadequate level of spending at the supranational level will need to be cut further. It could be politically difficult in some of the leading contributor members to convince sceptical electorates that higher contributions are necessary and justified, and as a result, this could lead to exit referenda in those states. In a mirror perspective, certain Eastern European member states facing reduced financial transfers and increasing political pressure from the EU may also consider following the UK's example.

From an economic perspective in the medium to long term, the growth dynamics of the EU27 and the UK will be crucial. Initially, upon exiting the EU, the UK will face considerable costs, including the so-called "exit bill" and further adjustment costs as the economy recalibrates to life outside the union. However, after a period of reduced growth, the free trade agreements which are heralded by the UK government as a core element of their Global Britain approach – likely including agreements with the US, Canada, Australia, India and others – will again lead to economic growth.

It is as yet unclear if such agreements could sufficiently increase British GDP to offset the effects of an exit from the EU. While a free trade agreement with the US could be possible in 2019 already, an agreement with India is rather unlikely to be reached so quickly, since the Indian government will raise the issue of visa liberalisation for Indian workers, which would touch upon the sensitive issue of immigration. A free trade agreement with China is illusory, since this would lead to a massive reduction of the UK's already small manufacturing sector. The weakening of the WTO by the administration of US President Donald Trump worsens the prospects for a successful Global Britain strategy.[14] Beyond external policy problems, there are also internal UK issues.

Post-Brexit issues: Irish problems and the Scottish question

While Brexit represents an unprecedented challenge to the integrity of the EU from an economic and political perspective, it also poses significant problems for the UK's closest neighbour – the Republic of Ireland. Furthermore, the disintegration dynamics caused by the UK withdrawal from the EU could be replicated within the UK itself, with political developments in Scotland and Northern Ireland now strongly impacted by the Brexit decision.

The UK and the Republic of Ireland have a long and complicated history. The two countries are deeply linked in terms of a broadly similar culture, language, legal system and colonial past. Consequently, many studies have examined the broader effects of Brexit on Ireland,[15] while others have focused on specific effects on channels or sectors.[16] Within the EU, the UK is Ireland's most important trading partner, and indeed Ireland is one of only a small number of EU countries with whom the UK has enjoyed a trade surplus. According to data from Ireland's Central Statistics Office, 36% of Irish service exports to the EU in 2015 went to the UK, while 22% of Irish service imports from the EU came from the UK. In terms of trade in goods in 2015, 26% of Irish exports to the EU went to the UK, while 42% of Irish imports from the EU came from the UK. Studies have shown that by 2030, Ireland is likely to suffer significant losses in terms of GDP and GDP per capita as a result of Brexit, with losses only marginally less than those found for the UK itself.[17] Meanwhile, it has been calculated that a "hard" Brexit would reduce

14 P.J.J. Welfens: An Accidental…, op. cit.

15 See, for example, Department of Finance: UK EU Exit – An Exposure Analysis of Sectors of the Irish Economy, Dublin 2016, Department of Finance and Irish Government Economic and Evaluation Service; Department of Finance: UK EU Exit – An Exposure Analysis of Sectors of the Irish Economy, update, Dublin 2017, Department of Finance and Irish Government Economic and Evaluation Service, available at http://www.finance.gov.ie/sites/default/files/170302%20An%20Exposure%20Analysis%20of%20Sectors%20of%20the%20Irish%20Economy%20-%20update%20March%202017_3.pdf; and A. Bergin, A. Garcia-Rodriguez, N. McInerney, E. Morgenroth, D. Smith: Modelling the Medium to Long Term Potential Macroeconomic Impact of Brexit on Ireland, ESRI Working Paper No. 548, 2016.

16 See M. Lawless, E. Morgenroth: The Product and Sector Level Impact of a Hard Brexit across the EU, ESRI Working Paper No. 550, 2016; and T. Donnellan, K. Hanrahan: Brexit – Potential Implications for the Irish Agri-Food Sector, Agriculture and Food Development Authority, April 2016.

17 M. Emerson, M. Busse, M. Di Salvo, D. Gros, J. Pelkmans: An Assessment of the Economic Impact of Brexit on the EU27, Study for the European Parliament, Centre for European Policy Studies, March 2017.

Ireland's trade with the UK by 30.6% and overall trade by 4.17%.[18]

Furthermore, Ireland and the UK are also involved in the Northern Ireland peace process, including joint membership in political bodies such as the British-Irish Intergovernmental Conference and the North/South Ministerial Conference. It remains to be seen how Brexit will affect the political cooperation of the two countries in this regard, particularly as it relates to the future of the border between the Republic of Ireland and Northern Ireland, which will be crucial in terms of the free movement of people (both labour and consumers) and goods/services. It may prove difficult to maintain the status quo in the peace process, despite the intentions of governments in London and Dublin, should terrorism and serious crime re-emerge as a problem in the border area post-Brexit. The status of Northern Ireland and its prospects of immediately rejoining the EU in the event of reunification with the Republic were the subject of EU-level discussions in April 2017. This condition, proposed by the Irish government, is strengthened by the fact that a majority of voters in Northern Ireland voted against Brexit.

The campaign for Remain had the backing of the major political parties in Northern Ireland across the political divide, i.e. including both nationalist and unionist parties. The normalisation of everyday life in Northern Ireland since the Belfast Agreement in 1998 is broadly due to the commitment of the Irish and UK governments to work together, but it is also in part due to the EU's role in supporting the peace process and the Northern Irish economy. According to research by the Centre for European Reform, Northern Ireland is a net recipient of EU funds and the largest beneficiary in the UK in terms of payments under the EU's CAP scheme.[19] Brexit will likely force the UK to substantially increase transfers to Northern Ireland in the short term. The border between Northern Ireland and the Republic, whose crossing points used to be controlled by the British army, is now a "soft" open border, with thousands of people commuting daily in both directions and consumers often crossing the border to take advantage of exchange rate fluctuations between the euro and the pound sterling. Any impact of Brexit on cross-border and security cooperation, or on the status of the border itself, could lead to the emergence of serious security issues for the UK and the EU27, and Ireland in particular.

Apart from terrorism-related security concerns, the economy of Northern Ireland could also be seriously impacted, as Northern Ireland has a trade surplus with the EU, unlike the UK as a whole. Northern Ireland relies heavily on exports to the EU, 40% of which go to the Republic of Ireland, and thus it could be disproportionately affected by changes in access to the single market. Stennett argues that Brexit could lead to a reduction in trade between the two Irelands of up to 20%.[20] The Common Travel Area (CTA) which exists between the Republic and the UK could also be endangered by Brexit. The CTA, which to some extent has a historical foundation going back to when Ireland was still part of the UK, allows visitors from certain countries to travel between the UK and Ireland on a common visa and allows for reduced security checks and document requirements for Irish and UK citizens travelling by air/sea between the two countries. The CTA, in combination with the soft border to Northern Ireland, could be problematic in the future if immigrants seek to enter the UK via Ireland.

Furthermore, the status of the all-island single energy market (with a unified wholesale electricity market) is now also uncertain as a result of the politico-economic challenges of Brexit. While May and the British government are seeking to put a significant focus on Northern Ireland in the EU-UK negotiations, the possibility exists under the Belfast Agreement for a future referendum to be held in Northern Ireland on unification with the Republic, and Brexit may indeed make such a vote more likely, increasing disintegration dynamics within the United Kingdom.

Like Northern Ireland, Scotland also voted in favour of Remain. Due to its high dependence on agriculture, Scotland receives almost double the share of the CAP payments relative to its share of the UK economy.[21] However, a study by the Centre for European Reform found that Scotland is in fact a net contributor to the EU, contributing £8 per capita annually. Of course, this is far below the UK per capita average of £117.[22]

The fallout from the Brexit debate has also reinvigorated the independence movement in Scotland. In a September 2014 referendum, 55.3% of the Scottish electorate voted against the proposition that Scotland should be an independent country. In its party manifesto for the 2016 elections to the Scottish Parliament, which took place just weeks prior to the Brexit referendum, the Scottish National Party (SNP) argued that if there was a "significant

18 M. Lawless, E. Morgenroth, op. cit.

19 J. Springford, S. Tilford, P. Whyte: The economic consequences of leaving the EU. The final report of the CER Commission on the UK and the EU single market, London 2014, Centre for European Reform, available at https://www.cer.org.uk/sites/default/files/smc_final_report_june2014.pdf.

20 A. Stennett: The EU referendum and potential implications for Northern Ireland, Research and Information Service Research Paper 21/16, January 2016, Northern Ireland Assembly.

21 E. Downing: EU Referendum: Impact on UK Agriculture Policy, House of Commons Briefing Paper No. 7602, 2016.

22 J. Springford et al., op. cit.

and material change in the circumstances that prevailed in 2014, such as Scotland being taken out of the EU against our will",[23] the Scottish Parliament should have the right to hold another referendum on independence. Scotland was the most pro-Remain constituent country in the UK, and as the result of the Brexit referendum became clear, First Minister Nicola Sturgeon declared that Scotland had shown its will to remain in the EU, intimating that a second referendum vote would be highly likely. On 28 March 2017, just one day before Prime Minister May officially notified Brussels of the UK's intention to withdraw from the EU, a majority in the Scottish Parliament voted in favour of Scotland holding a second independence referendum. A vote for independence could result in a constitutional crisis in the UK, leading to disintegration dynamics and possibly a newly independent Scotland seeking to rejoin the EU.

Reforms and EU deepening vs further disintegration

Policymakers hoping to push through necessary reforms in Europe will have to consider the fact that the political backing for EU integration is weak amongst the electorates of many EU countries. Consequently, it will be important that EU reforms address the obvious internal conflicts and contradictions within the EU27 and also improve the EU's tasks, expenditures and modes of financing. Some reforms at the national policy layer are also crucial in order to achieve a balanced overall package.

The EU has expenditures of just one per cent of GDP, which is very low. For comparison, the federal government expenditures in the US are about nine per cent of GDP, plus another 11 per cent for federal social expenditures. From a fiscal federalism perspective,[24] it would be appropriate to have military expenditures, some infrastructure expenditures and some income redistribution activities at the supranational level. In the present institutional set-up, serious enhanced military cooperation among EU member countries has not been considered thus far. For many years, it was the UK that prevented stronger military cooperation among EU member countries. The leading military role played by France – the only EU27 country with nuclear military capabilities – will be reinforced following Brexit. France and Germany, among other countries, are willing to shift part of defence expenditures to the supranational policy layer, and the joint procurement of military goods could cut costs considerably.[25]

In general, however, the willingness of EU countries to transfer power to the European Commission and Parliament is fairly limited. But if the EU had broader tasks and greater sway over economic policy, it would likely enjoy greater visibility among European voters. This in turn would lead to a contraction of the electoral support for radical political parties in European elections. The *Forschungsgruppe Wahlen* – a leading German research group on voting behaviour – has emphasised that the "political invisibility of the EU" for most German voters encourages voting behaviour which favours small, radical parties in European elections. In light of the UK's failure to adequately inform its citizens of the potential implications of the Brexit referendum, the European Commission should also make proposals on recommended standards with regard to EU-related referenda. An EU referendum, for example on membership, affects not only the member state in which it is held but also has significant supranational spillover effects. As an example, each member state could have an independent referendum commission, which could act as an impartial source of information and respond to claims made by parties involved in the campaign.

A small, "shallow" EU will not survive, as voters would then continue to lend support to radical populist parties due to a lack of understanding of the key functions, benefits and limitations of the EU. If the EU disintegrates (and this could be a process occurring over the course of less than two decades), Europe would likely revert back to the sharp nationalist economic, military and political competition that was characteristic of the late 19th century.

Brexit will likely lead to considerable negative welfare effects for the UK. As regards the limited growth and stagflation which are now expected in the UK, the May government is sure to not only introduce lower corporate tax rates as a means of stimulating investment, but also to adopt a new wave of banking deregulation in 2019. From a British perspective, this deregulation would ideally be situated within an EU-UK treaty for sectoral free trade in financial services. The EU must be wary of such an approach, since the combination of US banking deregulation, already begun under President Trump, and similar deregulation in the UK would put enormous pressure on the EU27 to follow suit. Sooner or later, this deregulation would likely trigger a new international banking crisis – again with enormous destabilisation effects and massive costs to taxpayers in Europe. The EU's Brexit negotiators must thus never accept a treaty with the UK that does not include joint principles and institutions for prudential supervision and banking regulation. If this requirement should be ignored, the cost of Brexit for the EU27 could, in the end, be even larger than already anticipated.

23 Scottish National Party: SNP Manifesto 2016, available at https://www.snp.org/manifesto_2016.

24 See e.g. W.E. Oates: An Essay on Fiscal Federalism, in: Journal of Economic Literature, Vol. 37, No. 3, 1999, pp. 1120-1149.

25 McKinsey Global Institute: A Window of Opportunity for Europe, Report, 2015.