WORKING PAPER

The UK’s Relationship with the EU After Brexit

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Abstract

The Brexit deal, as represented by the Trade and Cooperation Agreement (TCA) is the start of a new relationship between the UK and the EU. As the economic and political consequences of Brexit play out, there will be pressure to change the TCA, either in a “softer” or “harder” direction in one particular issue area or another. To try to find out where the EU-UK relationship might be heading in the medium-term we conducted a conjoint survey experiment with a random sample of British voters, where we asked them to choose between different hypothetical “package deals”. This forced respondents to have to make trade-offs across key issues. When faced with such choices, British citizens overall prefer a “softer” form of Brexit to the TCA: where the UK applies EU regulatory standards in return for greater access to the EU’s single market. However, a majority of Leave voters prefer a much “harder” trade-off: of full regulatory sovereignty but continued restrictions on UK exports. We also found that Scottish citizens prefer a closer relationship with the EU across a range of issues than do English citizens. Reconciling these differences will continue to be a challenge for British politicians and policy-makers.

Keywords

Differentiated integration, European Union, Brexit, conjoint experiment.
Introduction

To paraphrase Winston Churchill, where Brexit is concerned, the UK formally leaving the European Union (EU) on 31 January 2020 was "not the end" of Brexit, or perhaps even "the beginning of the end", but was in many ways "the end of the beginning". In other words, Brexit is a process that began with the referendum result on 23 June 2016 and will continue for many years after the UK's exit from the EU, well beyond the end of the “transition period” on 31 December 2020. The formal Brexit agreement between the UK and the EU, in the Trade and Cooperation Agreement (TCA), establishes a new trading and governance framework between the EU and UK; but this agreement should be seen as the first stage of a new relationship between these two partners that will evolve over time. The implementation of the terms of the TCA will take many years, and issues will arise along the way that will need to be dealt with. In addition, as the economic and political consequences of Brexit play out, interests, attitudes and positions will change, which in turn will lead to pressure to change various elements of the TCA or even to scrap the TCA altogether and replace it with a completely different agreement. In short, the medium-term relationship between the EU and UK remains unknown. In this paper, we examine the preferences of British citizens with respect to this relationship to elucidate the challenges ahead for British politicians and policy-makers.

The TCA is a particular equilibrium, that resulted from the interests and actions of the UK and EU between 2016 and 2020, and the bargaining outcome that resulted. As preferences and actions change, the TCA equilibrium may not be stable, and a new equilibrium may emerge. To help understand the direction in which the TCA might move over time, we identify the preferences of the British public over some of the key issue dimensions of Brexit. A conventional approach would be to ask British citizens about their preferences on each of these issue dimensions, one by one. For example, do people want the UK to remain outside the single market or to have greater access to the EU single market? Do they want the UK to be free to set its own regulatory standards or to apply and be bound by the EU’s regulatory framework? Do they want a complete end to the free movement of people between the EU and the UK, or will they allow some derogations, such as the free movement of highly skilled workers? Or, do they want to pay into the EU budget so that the UK can participate in certain programmes, such as the EU’s educational (Erasmus+) and research (Horizon Europe) programme? A survey like this would elicit majority opinions on each of these issues. However, such a design would not enable us to see how voters make trade-offs across these issue dimensions. For example, access to the single market and regulatory freedom are often assumed to be popular but incompatible options, so if access to the single market requires being bound by the EU’s regulatory framework, would citizens accept this trade-off or choose to remain outside the single market in order to have regulatory freedom?

To understand how British citizens make choices about different Brexit options when forced to make trade-offs within an overall Brexit “package” we conducted a survey using a method known as a “conjoint experiment”. This is a survey technique originally developed in market research to understand consumers’ preferences about different aspects of a product, but is increasingly used in political science to assess voters’ preferences when choices across issue dimensions are connected (inter alia Bansak et al. 2001b; Hainmueller, Hopkins and Yamamoto 2014). We conducted the survey of a nationally representative sample of UK residents in March 2020, so after the UK had formally left the EU, but before the end of the transition period and before the TCA had been agreed and ratified.

In this paper we first discuss the main policy options facing the UK and the EU in the medium-term, and how to situate the Trade and Cooperation Agreement within this option space. We then discuss existing research on Brexit attitudes in the UK and the design of our conjoint survey experiment, before presenting our analysis of the results. Overall, we find that two issues define the central tension in terms of Brexit choices: greater UK access to the EU single market, and greater regulatory freedom. The problem for British politicians in terms of how to resolve this tension is that there is a
significant difference between the preferences of the majority of the British public (who are willing to give up regulatory freedom for market access) and the preferences of the majority of Leave voters (who are willing to give up market access for regulatory freedom). As a result, we expect this tension to be the central dividing line in ongoing relations between the UK and the EU. The tension is less clear in Scotland, though, where a much larger majority of voters prefer market access over regulatory freedom, compared to voters in England. The difference between Scottish and English voters on this key Brexit trade-off could reinforce support for Scottish independence from the UK, to enable Scotland to either seek to rejoin the EU or a considerably “softer” version of Brexit.

Medium-Term Brexit Options: A Continuum or a Multidimensional Space

The TCA is a particular bargaining equilibrium between the EU and the UK as the two parties to the deal. A simple way to understand the agreement is that it is essentially a “basic” free trade agreement (FTA).¹ What “basic” means here is that the deal mainly covers the (continued) removal of tariffs and quotas on most goods traded between the EU and the UK. This basic FTA arrangement means that the UK is outside the EU customs union and outside the EU single market, and the single market regulatory acquis. As a result, at the end of the transition period, on 1 January 2021, customs checks and regulatory checks were reintroduced at the borders between the UK and the EU, and between Great Britain and Northern Ireland, as Northern Ireland remained in the single market and customs union (to avoid a “hard” border between Northern Ireland and the Republic of Ireland), as governed by the infamous “Northern Ireland Protocol”.

The basic nature of the FTA also means that the TCA does not contain many provisions to allow for the free movement of services between the UK and EU, such as the right of establishment of service providers in each other’s markets. So, for example, financial services firms in London are excluded from the EU’s financial services “passport” system – which enables financial services to be traded across borders within the single market. The TCA also does not contain any “equivalence arrangements” for services, which would enable service standards in the UK to be recognised as equivalent to the standards in the EU single market, which then enable firms or individuals to provide their services across the EU-UK border. The lack of a “services deal” is particularly significant for the UK economy, because services constitute approximately 80 per cent of UK GDP, with the creative industries (film and TV, music and performing arts, publishing, fashion and design, advertising, architecture, gaming and software design, etc.) contributing about 15 per cent of the UK economy (Department for Digital, Culture, Media & Sport, 2020), and financial services contributing about 7 per cent (Hutton and Shalchi, 2021).

That said, the TCA contains some other significant elements. The agreement includes some constraints on the regulatory autonomy of the UK. While the UK is not bound by the EU’s single market rules, to maintain free trade access (with zero tariffs or quotas), the UK is committed to “non-regression” from the current EU standards. If either the UK or the EU feels that the other side is reducing regulatory standards, and so could secure a comparative advantage, the TCA establishes a set of dispute resolution mechanisms and provides for unilateral retaliation if a complaint is upheld. The TCA also means the end of the free movement of people between the UK and the EU, with no provisions at all on common visa arrangements or access for particular groups of workers to each other’s markets. The TCA commits the UK to become an “associate member” of the EU’s Horizon Europe research programme, and to pay into the EU budget to secure this relationship, although the UK chose not to remain in the EU’s Erasmus+ educational exchange programme.

The TCA also establishes a timeline for the implementation of the agreement and an on ongoing governance arrangement, with a dense set of committees monitoring and discussing every aspect

¹ The text of the Trade and Cooperation Agreement is available here: https://ec.europa.eu/info/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en.
of the agreement (Jack and Rutter, 2021). In practice, the TCA establishes permanent negotiations between the two partners, which is a framework for discussing various “add ons”. For example, the EU and the UK already adopted a Memorandum of Understanding on 26 March 2021 on how they plan to reach agreement on equivalence for financial services. There are ongoing discussions about a framework for the mutual recognition of professional qualifications. And, as the implications of the reimposition of regulatory barriers on trade in agricultural products and seafood are realised, there is pressure for a deal on sanitary and phytosanitary standards (SPS) – which in practice would mean the UK aligning to the EU’s SPS regulations in return for no extra regulatory checks on certain animal products and raw shellfish.

One way of thinking about the TCA agreement and the options facing the EU and UK going forward is a single dimension/continuum between a “harder” relationship at one end and a “softer” relationship at the other, as Figure 1 shows (e.g. Menon and Fowler, 2016). At the “Harder” end of the continuum is no trade agreement between the EU and UK, which would mean the UK trading with the EU under World Trade Organization (WTO) rules. At the “Softer” end is the European Economic Area (EEA), or a “Norway” type arrangement, where the UK would be full member of the single market, which would include the free movement of people, and would be bound by the EU’s regulatory framework and subject to EU Court of Justice jurisprudence. Between these two extremes are various “bespoke” options: a “basic” FTA, such as the relationship the EU has with Canada, South Korea or Japan; an “FTA+”, where the “plus” refers to a comprehensive agreement on services; or an “EEA-”, where the “minus” refers to restrictions on the free movement of people. The TCA is essentially a basic FTA but with some additional elements, as we explained.

![Figure 1. Brexit Choices as a Continuum](image)

Conceptualising the medium-term relationship between the EU and the UK as a single dimension suggests that preferences over any of the sub-elements of the relationship should be correlated. So, if someone prefers a “softer” relationship on one issue, such as more market access, they should also prefer a “softer” relationship on other issues too, such as more regulatory alignment, some relaxing of the free movement of people, or the UK paying more into the EU budget to participate in other EU programmes (such as Erasmus+).

However, an alternative way of conceptualising the relationship between the EU and the UK in the medium-term is that the choices are in fact multi-dimensional (e.g. Richards et al., 2018). The UK could have a “softer” relationship with the EU in some areas (such as regulatory alignment) and a “harder” relationship in others areas (such as the free movement of people). Furthermore, in this multi-dimensional space, citizens’ preferences across issues would not have to be correlated. So, some citizens could prefer a softer relationship on some issues and a harder relationship on others, while other citizens could prefer the reverse, without feeling that these preferences are inconsistent.
in any way. Also, some citizens might care much more about some issue dimensions than others, so not mind if an outcome is harder or softer on some issue dimensions as long as the outcome delivers the preferred (softer or harder) outcome on the key issue dimensions they care about. Hence, to fully understand citizens’ preferences on possible medium-term outcomes, it is necessary to consider citizens’ preferences over individual issues, as well as what citizens do when forced to make a trade-offs across issue dimensions, as they will have to do when considering alternative packages to the TCA.

Finally, when considering which movements from the status quo of the TCA might be feasible, it is important to understand why the TCA was the bargaining equilibrium, and what would have to change for a different equilibrium to be feasible. Figure 2 presents the bargaining structure as a two-person non-cooperative game between the UK government and the EU27 (Hix, 2018). The numbers in the cells indicate the rank-order preferences of the two players (top left = UK, bottom right = EU) over the four main potential packages, which resulted from the political “red lines” the two sides set: regulatory autonomy and ending free movement of people from the UK, and “no cherry picking” (no special arrangements that would undermine the free movement of goods, services, capital, and labour in the single market) for the EU27. The EU strongly preferred either the EEA or a Basic FTA to the other two options, whereas the UK really wanted an FTA+. But, given a choice between the EEA and a Basic FTA, the “best response” of the UK was to go for the Basic FTA, which was, after all, its second most preferred outcome.

Hence, the Basic FTA was the bargaining equilibrium, although it was not the most preferred outcome of either side. For the EU to secure a shift to an EEA outcome, there would need to be a major shift in preferences on the UK side, to enable the UK to accept regulatory alignment and the free movement of people. Equally, for the UK to secure a shift to the FTA+ outcome, there would need to be a major shift in preferences on the EU side, to allow the UK access to the free movement of services and capital (as well as goods), without accepting the EU’s regulatory framework or the free movement of people.
Understanding British Citizens' Preferences on Brexit Trade-Offs

Since the referendum on UK’s continued membership of the EU in June 2018, there has been a large volume of research seeking to understand why voters supported Brexit, and what were the main correlates of this support (e.g. Goodwin and Heath, 2016; Hobolt, 2016; Becker et al. 2017; Curtice, 2017). There has been less research on the type of things British voters wanted from Brexit. Also, most of the research that has tried to identify what voters wanted has tended to ask voters issue by issue. For example, Fisher (2019) asked voters whether an outcome of negotiations across 12 different issues would “honour the referendum” or “disrespect the referendum”. He found that majorities of both Leave and Remain voters (in the 2016 referendum) believed that ending the free movement of people and the UK no-longer being subject to EU law were outcomes that would honour the referendum result. But, these two groups disagreed about whether the EU should leave the single market: with a majority of Leave voters believing this was essential to honour the referendum, but only a minority of Remain voters feeling the same way.

Richards, Heath and Carl (2018) took a slightly different approach. Like Fisher (2018), they asked voters their preferences on a range of individual issues (citizens’ rights, budget contributions, sovereignty, free movement, scientific collaboration, market access, and the Irish border). They then used a combination of factor analysis and latent class analysis to identify two underlying dimensions of preferences (which they called “sovereignty” and “cooperation”) and how voters cluster around these two dimensions. For example, Richards et al. identified 21 per cent of voters as pure “Hard Brexeters” (with consistently anti-EU positions across all the issues), 16 per cent of voters as “Europhiles” (with consistently pro-EU positions across all the issues), and 29 per cent of voters as “cake and eat it” types (who wanted both full market access and regulatory sovereignty).

These two approaches are good for identifying the majority view on each key issue, how Leave and Remain votes in the 2016 referendum match up with these views, and even how views on some issues correlate or cluster with views on other issues. Nevertheless, asking voters their preferences on each underlying issue separately does not enable researchers to identify either how voters make trade-offs when forced to choose between a preferred outcome on one issue dimension and a preferred outcome on another issue dimension, or how voters might choose between different packages of outcomes: such as a free trade agreement, or one of the softer versions of Brexit.

An interesting way to determine how British voters would trade-off options was a conducted by Alan Renwick et al. (2017), via a citizens' assembly. This involved bringing 50 randomly selected people together in the autumn of 2017, and having experts present the pros and cons of various Brexit issues and options. The outcome was that, overall, British citizens would prefer a free trade agreement that guaranteed quota-free and tariff-free access to the single market and the end of the free movement of people. But, if this outcome could not be agreed, the second choice was a much “softer” version of Brexit: of staying in the single market, and accepting EU regulatory standards and the free movement of people.

Our study extends this type of research using a survey-experimental technique called conjoint analysis. Conjoint analysis asks respondents to evaluate alternative profiles that differ in the levels of their attributes (Bansak et al. 2021). For our purposes, the attributes are the different issue dimensions, the levels are the different policy options within each issue dimension, and the profiles are the different packages of policy options. We implement a version of conjoint analysis in which respondents choose between two packages of policy options presented side-by-side. The policy options for the issue dimensions for each package are assigned randomly and respondents are sequentially asked to choose between multiple pairs of packages. In a test of different methods of determining how individuals make multidimensional choices, this version of conjoint analysis came closest to a real-world behavioral benchmark (Hainmueller, Hangartner and Yamamoto 2015).
Unlike conventional methods of analysing preferences, conjoint analysis allows the researcher to estimate preferences for multidimensional packages where trade-offs between policy options along different issue dimensions need to be made. Conjoint analysis estimates the effect of a policy option on an issue dimension, controlling for the effects of policy options on the other issue dimensions included in the conjoint experiment. By asking respondents to choose between and evaluate alternative packages of policy options, conjoint experiments also present the respondent with a choice environment that is more realistic than conventional methods of asking respondents about each policy dimension, one at a time. In fact, choices within the context of conjoint experiments have been shown to compare well with real-world decisions (Hainmueller, Hangartner and Yamamoto 2015; Auerbach and Thachil 2018).

Conjoint analysis has been used within political science to study a wide range of choice preferences. For example, this method has been used to study how different attributes of immigrants affect support for admittance (Hainmueller and Hopkins 2015; Hainmueller, Hangartner and Yamamoto 2015), which policy attributes most determined support for climate agreements (Engel et al. 2013) and political efforts to reduce vehicle emissions (Wicki, Huber and Bernauer 2020), whether corruption affects support for a political candidate (Incerti 2020; Eggers, Vivyan and Wagner 2018), and which candidate and party attributes affect support in European Parliament (Christensen, Rosa and Groenlund 2020) and national elections (Hobolt and Rodon 2020; Hainmueller, Hangartner and Yamamoto 2014).

Most relevant to us, Hobolt, Tilley and Leeper (2021) asked voters through a conjoint analysis conducted in April 2017 to consider pairs of Brexit outcome scenarios that varied across eight dimensions: immigration control, legal/regulatory sovereignty, rights of EU nationals in the UK and UK nationals in the EU, UK payments into the EU budget, the one-off “divorce” payment, trade terms, the status of the Ireland/Northern Ireland border, and the timeline of Brexit. On each dimension they randomised whether a package contained a series of options, ranging from the most “soft” option to the most “hard” option, with several options in between. Each respondent was shown 5 pairs of packages/outcomes. The aim of the research was to try to identify which issues were most important for voters, and which options on each dimension were favoured. Overall, Hobolt, Tilley and Leeper found that Leave and Remain voters shared some preferences, such as relatively frictionless trade, yet were deeply divided on the free movement of people and legal/regulatory sovereignty. Also, Leave voters were more likely to choose packages that guaranteed the end of the free movement of people or gave the UK full legal sovereignty, whereas Remain voters cared more about guaranteeing EU citizens’ right to stay in the UK.

Our research is similar in design to the Hobolt, Tilley and Leeper analysis, in that we both employ a conjoint experiment with different choices across a range of Brexit policy options. Nonetheless, our design differs from theirs in some important respects. First, whereas their focus was on the Brexit agreement, our focus is on the medium-term relationship between the UK and EU (and we conducted our experiment after the UK formally left the EU). Second, whereas the focus of their research was on choices across a large number of issues and a nuanced set of options within each of those issues, our focus is on how citizens might choose between overall “packages” of options. We hence choose a smaller set of issue dimensions, and a smaller set of options on those dimensions, so that overall we have a discrete set of packages that respondents are asked to choose from. Third, we designed the sample for our survey so that we have enough respondents to look specifically at the differences between English and Scottish citizens.

For our conjoint survey-experiment, we identified four dimensions of a Brexit deal: (1) market access; (2) regulatory alignment; (3) freedom of movement of people; and (4) payments into the EU budget (for research collaboration). There are many possible dimensions of the relationship between the UK and the EU, but we identified these four as the most frequently debated features of agreements between the EU and third countries. We then design two options for each dimension: one option representing a “softer” relationship between the UK and the EU (indicated in the green
boxes in the table), and the other option representing a “harder” relationship (indicated in the orange boxes in the table), using as simple a description as possible. Simplicity is important as the results from a conjoint analysis are only meaningful to the extent that respondents have preferences between the options. This does not mean that respondents need to have a preference between options on all issue dimensions (Bansak et al. 2021a) but they do need to have preferences on the issue dimensions of interest to the researcher. The conjoint design and the wording of each option are set out in Table 1.2

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Option A (“softer Brexit”)</th>
<th>Option B (“harder Brexit”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market access (MKT)</td>
<td>Very few restrictions on the export of UK goods and services to the EU</td>
<td>Significant restrictions and taxes on the export of UK goods and services to the EU</td>
</tr>
<tr>
<td>Regulatory alignment (REG)</td>
<td>UK agrees to align its environment, labour and consumers standards with EU rules</td>
<td>UK is free to decide its own environment, labour and consumer standards</td>
</tr>
<tr>
<td>Freedom of movement of people (FOM)</td>
<td>End to the free movement of people between the UK and the EU, except for highly skilled workers</td>
<td>Complete end to the free movement of people between the UK and the EU</td>
</tr>
<tr>
<td>Payments into EU budget for research collaboration (RES)</td>
<td>UK makes some payments to the EU to remain part of European-wide scientific research and educational exchange programmes</td>
<td>UK does not make any payments to the EU, but is excluded from European-wide scientific research and educational programmes</td>
</tr>
</tbody>
</table>

From these two options across these four dimensions we created all the possible potential “packages”: 16 in total. We then presented respondents with a series of pairs of randomly chosen packages and asked them to say which package they prefer.3 Figure 3 presents an example of a conjoint question.

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2 In addition, half of the respondents also received information about the potential economic effects of the different options (see Appendix). These economic effects were reported as effects on GDP, based on predictions from HM Government (2018). Differences in package support, due to the addition of this economic information are minor and reported in the Appendix. This provides a check of whether the type of economic predictions that were being reported to British citizens were influential in citizen preferences. We do not find evidence of any such influence.

3 Respondents were also asked to rate each of the two packages on a scale of 1 to 7, where 1 indicates that Britain should absolutely not pursue the package, and 7 indicates Britain should definitely pursue it. We do not use this data in our analysis.
There are many elements of Britain’s exit from the European Union that still need to be negotiated. Carefully read the descriptions of the potential Brexit options below, and indicate which of the two Brexit options you would personally prefer to see.

<table>
<thead>
<tr>
<th>Payments into EU budget</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK does not make any payments to the EU, but is excluded from European-wide scientific research and educational exchanges programmes</td>
<td>UK makes some payments to the EU to remain part of European-wide scientific research and educational exchanges programmes</td>
<td></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Movement of people</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete end to the free movement of people between the UK and the EU</td>
<td>End to the free movement of people between the UK and the EU, except for highly skilled workers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market access</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant restrictions and taxes on the export of UK goods and services to the EU market</td>
<td>Very few restrictions on the export of UK goods and services to the EU market</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regulatory alignment</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK is free to decide its own environment, labour and consumer standards</td>
<td>UK is free to decide its own environment, labour and consumer standards</td>
<td></td>
</tr>
</tbody>
</table>

If you had to choose between them, which of these two Brexit options should Britain pursue?

Each respondent was presented with and asked to choose between three randomly chosen pairs. From this simple set up, we are able to identity two things: (1) the average utility citizens get from each of the individual policy options; and (2) how popular each package is relative to every other package. The first is based on the expected probability that a package with a given policy option (e.g., few export restrictions) will be chosen relative to the expected probability that a package with the opposite policy option (significant export restrictions) will be chosen. The second is based on the expected probability of each package being chosen in a pairwise comparison with all other packages.

We conducted the survey of 3,252 UK residents drawn from the Vox Pop Labs online respondent panel, and fielded the survey between 14 March and 13 May 2020. The Vox Pop Labs online respondent panel contains more than 35,000 richly-profiled panellists from the United Kingdom. The sample was weighted against marginal distributions in population demographics (age, university education, gender, region) and vote in the last general election, so as to render nationally representative estimates.
Results

On the popularity of the particular packages, Figure 4 shows the overall probability that a package was preferred in a pairwise comparison with all other packages, for all voters and broken down by whether someone voted Leave or Remain in the 2016 Brexit referendum. The four columns of green and orange squares indicate what each package represents, matched with the green and orange options in Table 1, above. In the table, we also indicate which packages we consider to be “viable” given the current structure of preferences of the UK and the EU. We consider these to be viable packages because they would involve either (a) full EU market access in return for the UK applying EU regulatory standards (two green squares in the first two columns), or (b) tariffs and quotas on UK exports in return for full UK regulatory sovereignty (two orange squares in the first two columns). For example, an EEA outcome would be the “soft” option on all four dimensions (as shown by four green squares), whereas the No Deal/WTO option would be the “hard” option on all four dimensions (as shown by four orange squares). In addition, we indicate the package that is most closely related to the Trade and Cooperation Agreement: of a “hard” Brexit option on market access, regulatory alignment, and free movement of people (orange squares in the first three columns), but a “soft” Brexit option on payments into the EU budget in return for participation in EU research programmes (a green square in the fourth column).

Overall, the two most preferred packages for all voters (the top two rows in Figure 4) are not viable – or, put another way, they are variations of “having one’s cake and eating it”. Interestingly, though, the most preferred viable package amongst all voters would be a relatively “soft” form of Brexit (the third package down in the figure): with full market access (no quotas or tariffs on exports) in return for the UK applying EU regulatory standards, plus free movement of high skilled labour, and payments into the EU budget to participate in research collaboration and education exchanges.

However, we find an important difference between Leave and Remain voters. While this relatively soft package is popular amongst Remain voters (who preferred it 89 per cent of the time), the most
preferred viable package among Leave voters (61 per cent of the time) is a much harder form of Brexit: tariffs and quotas on UK exports to the EU in return for UK regulatory sovereignty, plus free movement of high skilled labour, and no payments to the EU to secure scientific collaboration (the 9th package down in the figure, the “orange-orange-green-orange” package). Meanwhile, the TCA outcome (orange-orange-orange-green) is not popular amongst either group: it was preferred only 26 per cent of the time by Remain voters and even among Leavers, only 52 per cent of the time.

When comparing how voters in England and Scotland respond to these choices, some interesting differences emerge, as Figure 5 shows. There is no difference between English and Scottish voters in terms of which overall package is most preferred or in terms of which of the viable packages is most preferred. However, Scottish voters much more strongly prefer the “softest” viable package (equivalent to EEA members) to English voters: this package won 76 per cent of the time amongst Scottish voters as opposed to 62 per cent of the time amongst English voters (Difference: 0.14, 95% CI: (0.055, 0.23)). Interestingly, TCA outcome is relatively unpopular in both Scotland and England (37 per cent compared to 38 per cent). In other words, both English and Scottish voters on average prefer a “softer” EEA type relationship with the EU than the current status quo, as set out in the TCA (Difference, Scotland: 0.39, 95% CI: (0.26, 0.52); Difference, England: 0.38, 95% CI: (0.29, 0.47). If the UK could move in that direction in the coming years, for example with various add-ons to the TCA, this might head-off demands for Scottish independence to achieve a closer relationship with the EU than the current arrangements.

Figure 5. Package Preferences: All Voters, and England vs. Scotland

In terms of the relative preferences for the individual options, Figure 6 plots the average popularity (utility) of all packages that contain a particular option (marginal means). This reveals how important each individual option on each dimension was in determining whether a package was chosen over another one. These results reveal that on two dimensions, Leave and Remain voters prefer the same option. On the market access options, both Leave and Remain voters prefer packages with few restrictions over those with significant restrictions (averaging over all other options for all
other dimensions), but Remain voters feel more strongly about this than Leaver voters (difference significant at the 0.05 level). And, on the movement of people, both Leave and Remain voters prefer an exception for highly skilled workers over a complete end to the free movement of people, although Remain voters again feel more strongly about this than Leave voters (difference significant at the 0.05 level).

Figure 6. Marginal Mean Support for a Package with a Given Policy Option

On the other two dimensions, Leave and Remain voters prefer different options. On regulatory alignment, Leave voters prefer the UK to be free to decide its own standards, while Remain voters prefer that the UK align with the EU’s standards (difference significant at the 0.05 level). Leave voters feel more strongly about this than Remain voters. And on payments to the EU, Leave voters prefer the UK to not make any payments and be excluded from scientific research and educational exchange programs, while Remain voters want the UK to make some payments to continue to be involved in these programmes (difference significant at the 0.05 level). Remain voters feel more strongly about this than Leave voters.

In addition, on three of the four dimensions, respondents from England and Scotland prefer the same option but on one dimension (regulatory alignment), Scottish and English respondents have different preferences. Specifically, English respondents prefer the UK to be free to decide its own regulatory standards, while Scottish respondents prefer the UK to align its standards with the EU.
(difference significant at the 0.05 level). This explains the stronger support for the EEA-type package among Scottish voters compared to English voters.

Table 2. Correlates of Being a Leave Voter

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coef.</th>
</tr>
</thead>
<tbody>
<tr>
<td>University education</td>
<td>-0.286***</td>
</tr>
<tr>
<td></td>
<td>(0.026)</td>
</tr>
<tr>
<td>Higher social class (ABC1)</td>
<td>-0.54</td>
</tr>
<tr>
<td></td>
<td>(0.038)</td>
</tr>
<tr>
<td>Scotland</td>
<td>-0.127**</td>
</tr>
<tr>
<td></td>
<td>(0.056)</td>
</tr>
<tr>
<td>Wales</td>
<td>-0.117</td>
</tr>
<tr>
<td></td>
<td>(0.077)</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>0.128</td>
</tr>
<tr>
<td></td>
<td>(0.083)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.653</td>
</tr>
<tr>
<td></td>
<td>(0.033)</td>
</tr>
<tr>
<td>Number of observations</td>
<td>3,013</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.077</td>
</tr>
</tbody>
</table>

Note: Logit model. Standard errors in parentheses. * p < 0.10, ** p < 0.05, *** p < 0.01.

Finally, we look at what socio-economic characteristics might lie behind whether people voted Leave and Remain, to think about how these factors might influence Brexit choices going forward. Table 2 shows the results of a multivariate model of some of the socio-economic correlates of being a Leave voter in the 2016 referendum in our survey sample. The model is estimated as a logistic regression with a series of dummy variables as the predictors: whether someone has a university education (relative to no university education); whether someone is in a higher social class (ABC1 relative to C2DE); and whether someone lives in Scotland, Wales, or Northern Ireland (relative to England). This analysis suggests that in our sample, university education is the strongest predictor of whether someone was a Leave or Remain voter (in addition to living in Scotland).
Following this result, we looked at the relationship between university education and preferences over the packages. As Figure 7 shows, the most preferred package for citizens without a university education is the same as the most-preferred package overall, which, as we have noted, is not currently a viable option. In contrast, the favourite package of citizens with a university education is the “softest” viable package, which is equivalent to the EEA model. Interestingly, amongst the viable packages, non-university educated citizens selected this most-soft package 58 per cent of the time, and of the viable packages, only the one that would have the UK not paying into the EU budget to participate in EU research programmes was selected more often.

**Conclusion**

The Brexit deal, as represented by the Trade and Cooperation Agreement, is the start of a new relationship between the UK and the EU. As such, the TCA represents a particular equilibrium that emerged from the Brexit negotiations between 2016 and 2020. As the economic and political consequences of the agreement unfold, and as citizens’ preferences evolve, the equilibrium of TCA may no-longer be stable. Various changes are likely to be made issue-by-issue, such as a side-deal on services trade, or an agreement on the free movement of high-skilled workers. Alternatively, the whole package could be shifted in a “softer” direction, for example towards an arrangement that would be similar to the European Economic Area, with the UK gaining full access to the single market in return for aligning with the EU regulatory framework and accepting the complete free movement of people.

To understand how British voters would make trade-offs across the various policy dimensions of Brexit as well as between various overall package deals, we undertook a conjoint survey experiment in early 2020, just after the UK had formally left the EU. We found that on average British voters still prefer a “have their cake and eat it” option: of full access to the single market without any regulatory
alignment. Nevertheless, of the “viable” packages that might emerge, the majority favour a “softer” form of Brexit than the deal in the TCA.

A problem for British politicians and policy-makers, however, is that the majority of Leave voters – the core supporters of the Johnson administration – prefer a package which is similar to the TCA. Complete regulatory sovereignty for the UK is still their top objective, and they are willing to pay the price of restrictions on UK exporters to the EU to achieve that objective. In contrast, Remain voters, as well as a majority of Scottish citizens, would prefer a much “softer” arrangement, including a package that would be similar to the UK (or Scotland) being a member of the EEA. Interestingly, the majority of Leave and Remain voters, and a majority of citizens in England and Scotland, would support free movement of people for high-skilled between the UK and the EU. This particular add-on may emerge as a possible option in the coming years, as it would be beneficial to the UK (as well as the EU’s) financial services and creative industry sectors.

Overall, the tension between market access and regulatory freedom will continue to be at the heart of the ongoing relations between the UK and the EU. And, the gap between the views of the majority of the British public (who prioritize market access over regulatory freedom) and the majority of Leave voters (who prioritize regulatory freedom over market access) is likely to plague attempts to resolve this tension for quite some time.
References


Appendix

Table A1. Softer and Harder Choices on Four Dimensions of Brexit (with economic information)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Option A (“softer Brexit”)</th>
<th>Option B (“harder Brexit”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market access (MKT)</td>
<td>Very few restrictions on the export of UK goods and services to the EU [Economy shrinks by 1.4%]</td>
<td>Significant restrictions and taxes on the export of UK goods and services to the EU [Economy shrinks by 4.9%]</td>
</tr>
<tr>
<td>Regulatory alignment (REG)</td>
<td>UK agrees to align its environment, labour and consumers standards with EU rules [No changes to economy]</td>
<td>UK is free to decide its own environment, labour and consumer standards [Economy grows by 0.1%]</td>
</tr>
<tr>
<td>Freedom of movement of people (FOM)</td>
<td>End to the free movement of people between the UK and the EU, except for highly skilled workers [Economy shrinks by 0.2%]</td>
<td>Complete end to the free movement of people between the UK and the EU [Economy shrinks by 1.8%]</td>
</tr>
<tr>
<td>Payments into EU budget for research collaboration (RES)</td>
<td>UK makes some payments to the EU to remain part of European-wide scientific research and educational exchange programmes [Economy shrinks by 0.1%]</td>
<td>UK does not make any payments to the EU, but is excluded from European-wide scientific research and educational programmes [No changes to economy]</td>
</tr>
</tbody>
</table>

Table A1 presents policy options for each dimension with information about the potential economic effects included. Figure A1 presents the marginal mean support for a package with a given policy option, both when the description of the policy option includes the potential economic effects and when it does not. The results suggest there are no statistically or substantively significant effects for market access, regulatory alignment and movement of people. For the payment into EU budget issue dimension, the effect of including the economic information is to slightly suppress differences in support for the two policy options.
Figure A1. Marginal Mean Support for a Package with a Given Policy Option
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