

CSI Brexit 1: How Much are People Willing to Pay for the Brexit Divorce Bill?[†]

18th October, 2017

Summary

- Some groups are more willing to pay a larger amount on the divorce bill. These include younger people, Londoners, those with higher educational qualifications, and those who voted remain in the EU referendum.
- People who identify with the Liberal Democrats, the Scottish National Party and Labour are willing to pay more than those identifying with UKIP and the Conservatives.
- People with preferences for a close relationship with Europe – in terms of allowing immigration, collaborating, and keeping a soft border in Ireland – are willing to pay more.
- We see polarization by strength of Brexit identity: Remainers and Brexiteers are furthest apart in their views on the settlement amount when identity is strong, and are more similar to each other when identity is weaker.

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Introduction

In legal terms, there are competing interpretations as to whether the UK must pay any kind of settlement when it leaves the European Union. The EU claims that the UK must honour the commitments made to various projects whilst still a member^{1 2}. This settlement figure has become known as the ‘exit bill’ or the ‘divorce bill’ and is a central issue in the Brexit negotiation talks. The EU’s chief negotiator, Michel Barnier, has stated that we must first agree on how to calculate the final settlement amount before progress can be made in the negotiations, and that talks over the bill have reached a “deadlock”^{3 4}.

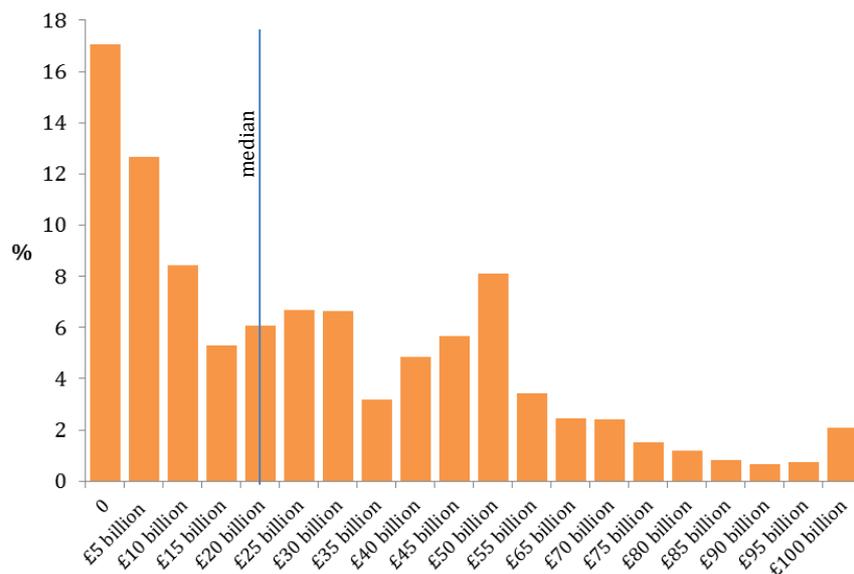
Despite its current salience among politicians and negotiators, a recent poll showed that British people place the divorce bill well down in their list of priorities below immigration control, co-operation, free trade, the customs union. People in France and Germany, on the other hand consider it a priority to make sure the UK pays what it owes⁵.

The kinds of amount under discussion are likely to be challenging for most people to be able to form a well-reasoned position, particularly as there is little information in the public domain about what items the settlement will be paying for. However, there are several amounts that may be familiar to the public from recent news coverage. Prominent amounts include the €40 billion allegedly mentioned by UK ministers, €60 billion reportedly mentioned by the EU, or the €113 billion calculated by the Financial Times in May 2017^{2 6}. The inherent difficulty of the question was demonstrated in an experiment by YouGov who found that the average sum that people say is reasonable depends largely on the options available with respondents often selecting the lowest option available⁷. For this reason, we will not place too much emphasis on the amount per se in this report, but will compare the answers given across different groups (and will go on in a future publication to look at change over time). In our survey, we translated the total figures into approximate household equivalents as a way of making the figures more meaningful.

In this short report we will address the following questions. How much are people willing to pay on the divorce bill? How do these reported reasonable amounts vary by socio-demographic factors? And, how do these amounts vary by different attitudinal positions and identities?

How much are people willing to pay?

Figure 1. More respondents gave amounts at the lower end of the scale than at the higher end. The most-frequently given answer was zero.



Note: the data were collected online by Kantar Public between July 10th and August 2nd 2017. See Data & Methods section on page 9.

We asked about the divorce bill in the following way: *It is likely that the UK will have to settle a 'divorce bill' if it is to secure a deal with the EU. It was recently suggested that this divorce bill could be as high as £100 billion which would be the equivalent to £3,700 per household in the UK. What would you say is a reasonable figure to pay for a good deal?*

There were 20 answer options from £0 – to £100 billion at £5 billion intervals with the household equivalent cost given in brackets⁸.

The most frequently given answer, given by 17% of respondents, was zero (i.e. think that the UK should not have to pay any kind of settlement at all). A further 13% suggest the lowest non-zero option of £5 billion (equivalent £187 per household). The *median* answer is £20 billion (the equivalent of around £740 for every household in the UK) which means that half the respondents give answers in one of the five lowest brackets. The *average* considered a reasonable amount for the divorce bill is a little higher at £29 billion. Just 15% went above the mid-point of the scale to suggest a figure of above £50 billion.

An ICM poll for the Guardian in August found that 41% of the population would find an exit fee of £10 billion acceptable⁹. Despite the difference in question wording and format, our results are consistent with this estimate.

In which socio-demographic groups are people willing to pay more?

Since the referendum on the UK’s membership in the EU in June 2016, research has shown that vote choice varied along socio-demographic divides such as age, educational qualifications, income, and region¹⁰. We wondered if these same factors might influence views on the divorce bill, and we find that they do – see Figure 2. Younger people suggested higher amounts than older people, those with higher educational attainment suggested higher amounts than those with lower or no qualifications, and those ‘living comfortably’ gave slightly higher amounts than those ‘finding things very difficult’.

When we look at differences by region (Figure 3), we see that Londoners are willing to pay the most at £38 billion. The other regions of the UK are all rather similar (and not statistically significantly different from each other) averaging between £26 billion (Midlands, Wales) and £30 billion (Scotland). We know there are important differences in the types of people who live in each region, with London having more immigrants, younger, and higher educated people with higher incomes. After accounting for these factors we found that the difference drops by 3 billion, but that Londoners are still willing to pay significantly more than elsewhere.

Figure 2. People who are younger, better off, and have higher education are willing to pay higher amounts

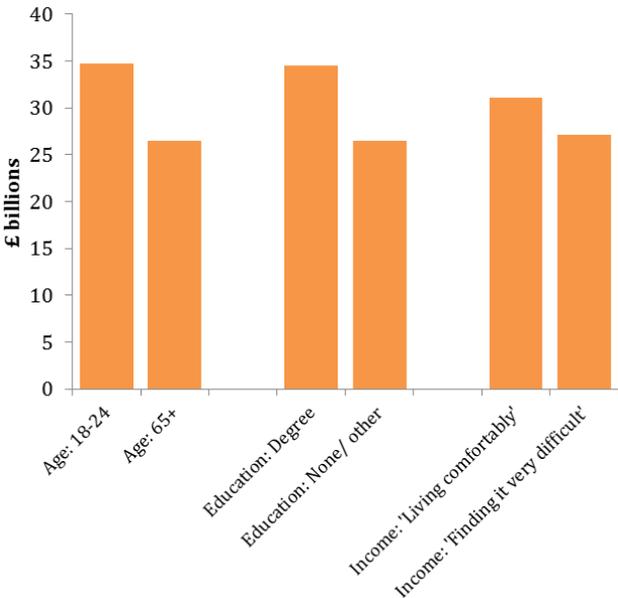
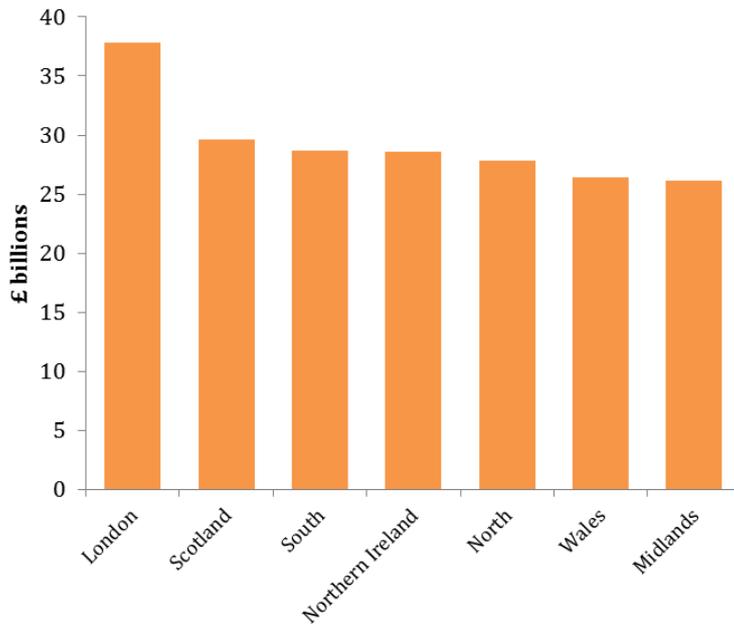
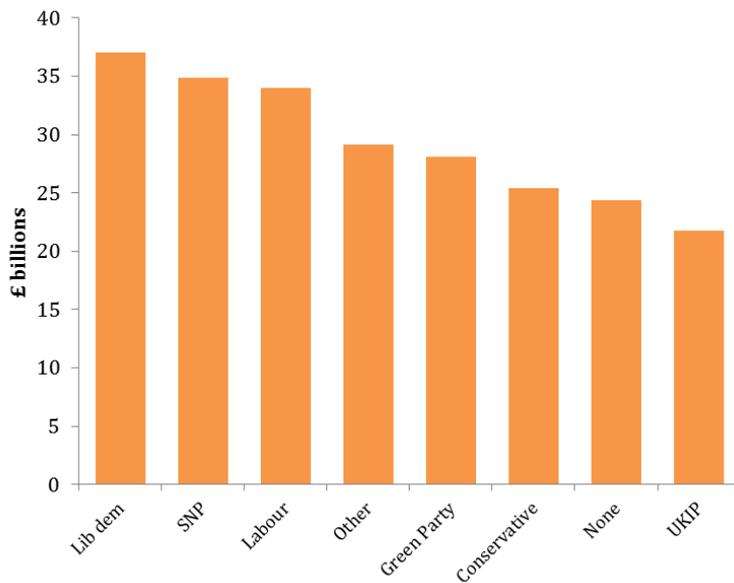


Figure 3. People in London are willing to pay higher amounts.



We examined whether amounts vary by political party identification, given the strong positions of some parties on the issue, most prominently perhaps the Conservative party. In Figure 4, we show that people who identify with the Conservatives average £25 billion which is substantially lower than those identifying with Labour (£34 bn), the Lib Dems (£37 bn) or the Scottish National Party (£35 bn). The lowest average came from UKIP identifiers - £22 billion.

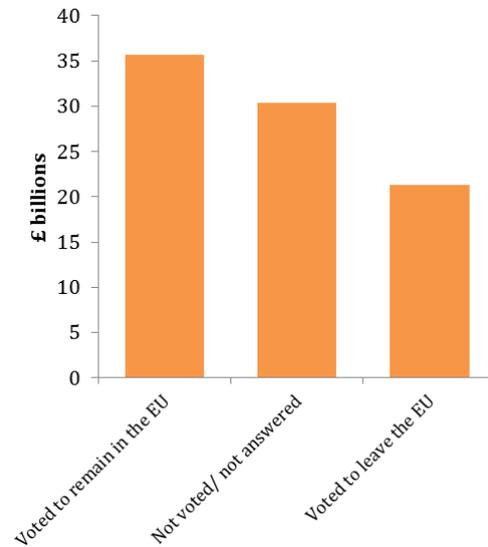
Figure 4. People who identify with the Lib Dems, Scottish National Party or Labour are willing to pay more for the divorce bill.



Do the amounts differ among ‘Brexiters’ and ‘Remainers’?

Several commentators have suggested that rather than the traditional divides by political party, we can think of preferences on the EU as a new ‘political cleavage’¹¹. We therefore examined the amounts by how people voted – see Figure 5. We find that people who voted to leave the EU suggest a lower amount on average (£21 billion) than people who voted to remain (£36 billion).

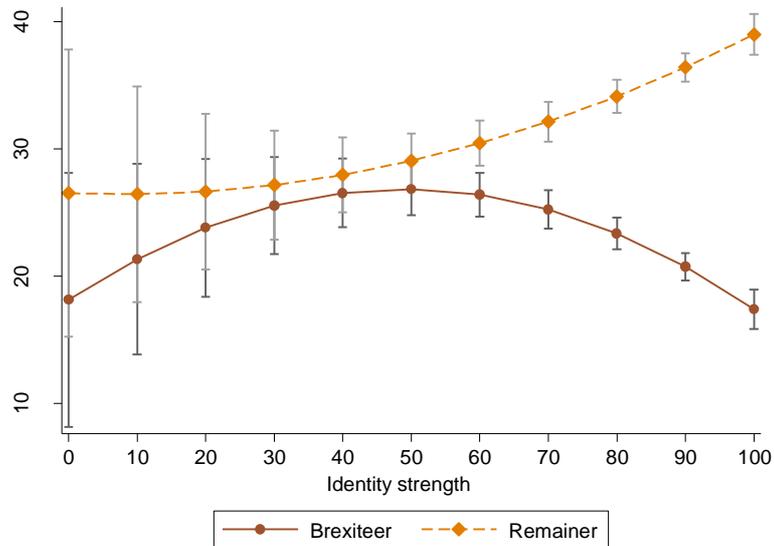
Figure 5. People who voted remain in the referendum are willing to pay more.



We also asked our survey respondents whether they think of themselves as a Brexiteer or a Remainer, a question about identity (how they feel) rather than behaviour (how they voted). To those who identify as one or the other (87%) we went on to ask about the strength of that identity on a scale of 0-100. Both those who thought of themselves as a Brexiteer (42%) and as a Remainer (45%) felt strongly about it, averaging 82 out of a 100 on the strength scale.

We find, as shown in Figure 6, that as self-identified Brexiteers increase in identity strength, the less they are willing to pay. We find the opposite pattern for self-identified Remainers who suggest higher amounts the stronger their identity. This may be a factor that polarizes the public debate on the issue, as prominent politicians on both sides, such as Boris Johnson and Vince Cable, will be among the stronger identifiers.

Figure 6. Those feeling more strongly about being a Remainer are willing to pay more on the divorce bill, and vice versa for the Brexiters.



Notes: Average marginal effects based on an interaction of identity and identity strength; age and education are controlled. The bars show 95% confidence intervals. The bars are wide at low identity strength because relatively few respondents have such weak identities.

Do the amounts differ by other attitudes?

Survey respondents were then asked to imagine themselves at the negotiating table and to say which issues should be open for negotiation and which should be ‘red lines’. Several of the issues relate to having a close and collaborative relationship with Europe, such as the Irish border and working together on science, research and technology initiatives. We find that people for whom these particular issues are red lines are willing to pay more. On the other hand some of the issues relate to distance from the EU such as stopping free movement of people and reducing the EU’s involvement in UK law making. People for whom these items are red lines suggest lower settlement amounts. Similarly, we find that people who are in favour of immigration are willing to pay more than those preferring that immigration should be reduced (Figure 8).

Respondents were also asked what they thought about the powers of the European Court of Justice with the question: *What do you think about the fact that the European Court of Justice can over-rule decisions made in British courts of law?* This taps into the sense of national control or sovereignty, and we find this has a particularly strong relationship to opinion on the divorce bill (Figure 9). Those who consider the ECJ powers to be a good thing are willing to pay £43 billion whereas people who think that ECJ powers are bad are willing to pay just £19 billion – this is a striking difference.

Figure 7. People who say that the Irish border and collaborating with Europe are red lines are willing to pay more than those who say that stopping free movement and sovereignty are red lines.

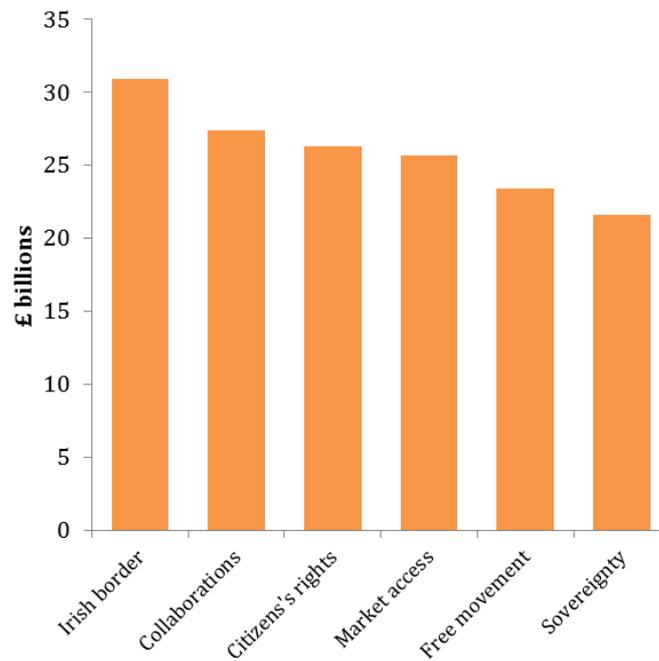


Figure 8. Those more in favour of immigration are willing to pay higher amounts.

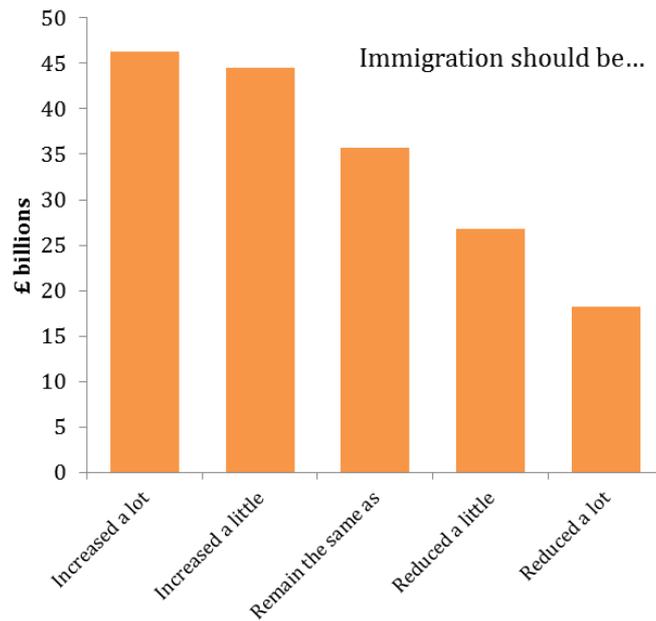
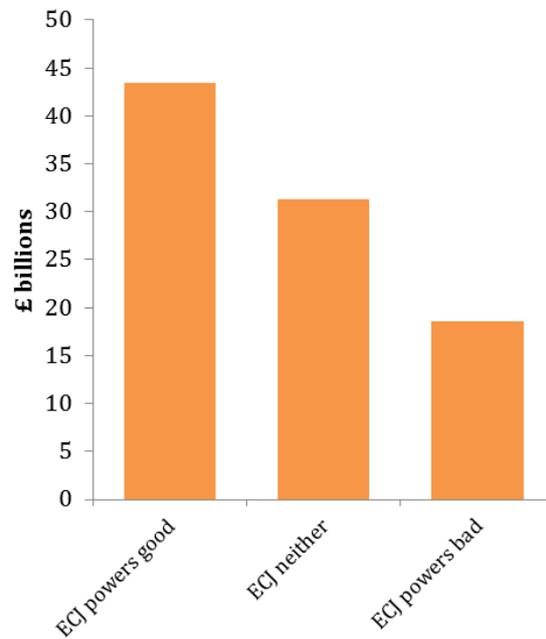


Figure 9. Those in favour of the powers held by the European Court of Justice are willing to pay much more than those who object



Conclusions

It is the individuals who desire a closer relationship with Europe who are willing to pay more for the divorce bill. The closer relationship is revealed in several ways – being willing to allow more immigrants in, expressing concern about the Irish border, citizens’ rights and scientific collaboration – all of which are related to mentioning more generous amounts. On the other hand, those with a preference for distance – in terms of escaping the jurisdiction of the ECJ and stopping free movement – are less willing to pay. Brexiteers and Remainers, unsurprisingly, differ in the amount they would be willing to settle (by £15 billion). Further, the strength of identity matters. Brexiteers and Remainers who feel strongly about their identities are further apart in their opinion on the exit bill than Brexiteers and Remainers with more moderate identities.

Socioeconomic and demographic factors, on the other hand, seem to have a smaller influence on the amount that people are willing to pay. In the absence of information about the components of the bill, therefore, it appears that identities and other attitudes matter the most, rather than demographics.

Data and methods

The data were collected online by Kantar Public in July and August of 2017. The sampling method was quota sampling from an existing 'access panel' of individuals who have signed up to take part in social surveys online. As we are not using random probability sampling, we cannot make strong claims about the generalizability of our findings. However, we adjust our results with weights that correct for age, sex, region, education and voter turnout so that our sample looks like the population on these factors. Nonetheless our survey respondents may be different to the general population of the UK in important ways. For example, they are more engaged with politics than average and we should bear this in mind when interpreting the results.

Given that income, age, qualifications and region all make a difference to attitudes to the divorce bill, we check that our other findings (such as party id, other attitudes and Brexit identity) are not confounded by these factors. All the results we report here are robust to these checks.

The sample size is 5,300. This sample includes 186 respondents who are not UK citizens; a group who are willing to pay more on the divorce bill than UK citizens. We run further checks adjusting for citizenship and find that the adjusted amounts are very similar to the amounts reported.

Notes and References

- ¹ European Commission (2017) Annex to the Recommendation for a Council Decision authorising the opening of the negotiations for an agreement with the United Kingdom https://ec.europa.eu/info/sites/info/files/annex-recommendation-uk-eu-negotiations_3-may-2017_en.pdf#page=6
- ² Full Fact (2017) The EU "divorce bill". <https://fullfact.org/europe/eu-divorce-bill/>
- ³ Rankin, J. and Syal, R. (2017) Divorce bill remains sticking point as Brexit negotiations resume. *The Guardian*. <https://www.theguardian.com/politics/2017/aug/28/divorce-bill-remains-sticking-point-brexit-negotiations-resume>
- ⁴ Financial Times (2017) Barnier warns Brexit bill talks at 'deadlock'. <https://www.ft.com/content/9359dc41-4c1b-3032-9129-5f3879bc6cd7>
- ⁵ Smith, M. (2017) Immigration is Brits' top Brexit priority but French and Germans focus on "divorce bill". *YouGov*. <https://yougov.co.uk/news/2017/08/15/eurotrack-britons-top-brexit-priority-immigration-/>
- ⁶ Mason, R (2017) Downing Street denies UK willing to pay €40bn Brexit divorce bill. *The Guardian*. <https://www.theguardian.com/politics/2017/aug/06/downing-street-denies-uk-willing-to-pay-40bn-brexit-divorce-bill>
- ⁷ Wells, A. (2017) Why the amount of the "Brexit divorce bill" doesn't matter that much. *YouGov*. <https://yougov.co.uk/news/2017/09/14/why-amount-brexit-divorce-bill-doesnt-matter-much/>
- ⁸ Due to an error in the survey, respondents were not given an option for £60 billion on the sliding scale. There is therefore a 'jump' from £55 to £65 billion on the x-axis of Figure 1
- ⁹ ICM Unlimited (2017) Negotiations: The Guardian – August 2017 poll https://www.icmunlimited.com/wp-content/uploads/2017/08/2017_guardian_aug17.pdf
- ¹⁰ Goodwin, M and Heath, O (2016) Brexit vote explained: poverty, low skills and lack of opportunities. *Joseph Rowntree Foundation*. <https://www.jrf.org.uk/report/brexit-vote-explained-poverty-low-skills-and-lack-opportunities>
- ¹¹ Birch, Sarah. "Our new voters: Brexit, political mobilisation and the emerging electoral cleavage." *Juncture* 23.2 (2016): 107-110.