



# **Business and the EU: The Underlying Divisions**

Economic Research Council | 27th January 2015

Matthew Elliott | @matthew\_elliott



**no**

europe yes. euro no.

**BUSINESS**  
*for*  
**BRITAIN**

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*“Even the possibility of it [an EU referendum] happening has caused uncertainty for business.”*

**Sir Mike Rake**

President, CBI



C | B | I  
THE VOICE OF BUSINESS

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# Business struggles to speak with one voice on EU

One of the two leading lobby groups believes the UK is better off in the bloc, while the other takes a more sceptical, hardline stance

SARAH GORDON – BUSINESS EDITOR

There are many similarities between Business for Britain and Business for New Europe, the two leading lobby groups battling it out to be the voice of UK business on the subject of the EU.

Both purport to represent a majority of businesspeople's views. Their backers, like the occupants of most British boardrooms, are overwhelmingly male. Both say that, rather than leave the EU, they want Britain to stay in a reformed institution that better answers the needs of corporate UK.

There the similarities end. While BNE unashamedly believes that Britain is better off in the EU, BB takes a more sceptical, hardline stance.

"You are much more likely to get the reforms you want by being a positive, active member [of the EU]," says Roland Rudd, chairman of PR company Finsbury and founder of BNE.

But Matthew Elliott, BB's chief executive, counters that many of his group's supporters would want out of the EU if it did not reform. "Change, or Go" is the title of its latest publication.

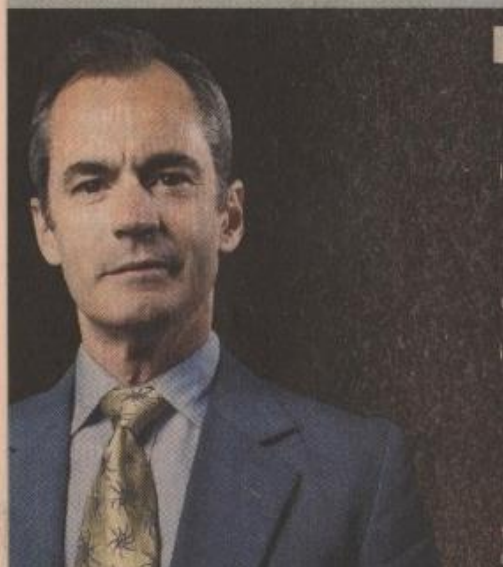
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"I don't think the world would end if we left."

Luke Johnson, the entrepreneur and Financial Times columnist who sits on BB's advisory council, says he would prefer not to see the UK out of the EU altogether but adds that "we need to get

## Business for New Europe v Business for Britain

### Leaders



Roland Rudd, 53, has been described by the tabloids as "another schmoozing lobbyist". Given that Finsbury, the PR company he founded in 1994 and still chairs, has 26 of the FTSE 100 on its books, he might feel the description undervalues his influence. His non-EU related commitments include being a non-executive director of the Army Board, chairing the NSPCC's Stop Organised Abuse campaign and advising the Royal Opera House. The former FT journalist is also a Chelsea football fan. He sold Finsbury, of which he owned four-fifths,

Matthew Elliott, 36, is a former grammar school pupil and the holder of a first-class degree from the London School of Economics. He made the Daily Telegraph's list of the 50 most influential rightwingers (the newspaper described him as "a cross between Norman Tebbit and David Niven"). As well as establishing BB in 2013, he is the founder of the TaxPayers' Alliance, which he says is not a "hypocritical Tory front group". He also set up Big Brother Watch, whose purpose is to "expose the true scale of the surveillance state" and led the No campaign



The two groups purport to be non-partisan, although their leadership and membership inevitably show a tilt towards one party or another.

Mr Rudd has close ties to Lord Mandelson and New Labour and used to work for Lord Owen, the SDP founder. Meanwhile, Mr Mills is one of the Labour party's largest private donors, though his role as co-chair of BB reflects its somewhat awkward spanning of the political spectrum from diehard euro-sceptic Tories on the right to the anti-globalisation left.

"Given our relatively limited resources, I think we punch above our weight," says Mr Johnson.

Perhaps the most important gauge of the two groups' future influence is rooted in the increasingly venomous debate over which best represents the genuine views of British business.

The BB challenges claims by the CBI, the employers' lobby, that eight out of 10 of its member companies, both big and small, support UK membership of the EU.

A BB survey a year ago of 1,000 people, 70 per cent of whom represented small companies, conducted by the polling firm YouGov, found that two-thirds supported the holding of an in-out EU referendum, and it argues that the employers' lobby predominately represents the views of big business.

"We have never said there should not be a referendum," says John Cridland, director-general of the CBI.

He describes the BB as a "single issue



Nick Robinson @bbcnickrobinson · Nov 5

Labour's trap for PM = get him to repeat that he wants to stay in EU  
outraging Tory sceptics OR to say might vote NO scaring business/voters

47 18

### Budgets

BNE has been operating since BB is a more recent operation



**2003: “If the Government rules out membership of the Euro... [it] would be damaging for British based businesses.”**

**2014: “An EU referendum... will have a damaging effect on the economy.”**

**Sir Martin Sorrell**

WPP Group



- 1. How business opinion can be analysed**
- 2. Why certain businesses oppose EU reform**
- 3. The impact of business opinion on referendums**



# 1. How business opinion can be analysed

- a) The problem with business surveys
- b) The real picture from representative polls
- c) The split between big business and SMEs

# 1. How business opinion can be analysed

## a) The problems with business surveys

### Exit will be a disaster for UK and Europe, say City grandees

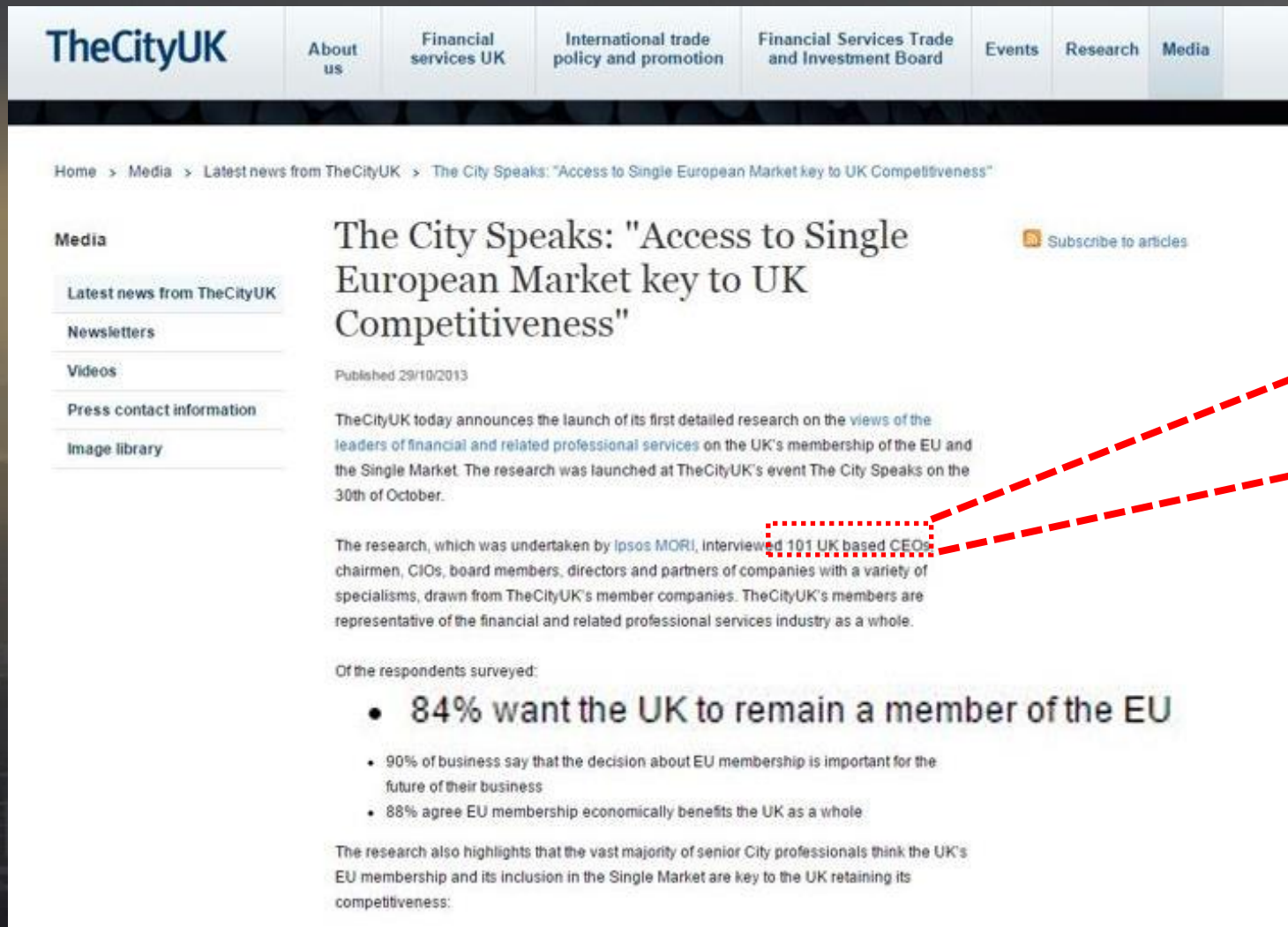
Patrick Jenkins, Financial Editor

Author alerts ▾

With one or two exceptions that is the sentiment expressed in a new Financial Times online debating forum. The FT City Network, launched in recent weeks, comprises more than 50 of the City's top bankers, insurers, asset managers and policy makers, as well as a coterie of financial technology entrepreneurs.

# 1. How business opinion can be analysed

## a) The problems with business surveys



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### The City Speaks: "Access to Single European Market key to UK Competitiveness"

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Published 29/10/2013

TheCityUK today announces the launch of its first detailed research on the views of the leaders of financial and related professional services on the UK's membership of the EU and the Single Market. The research was launched at TheCityUK's event The City Speaks on the 30th of October.

The research, which was undertaken by Ipsos MORI, interviewed 101 UK based CEOs, chairmen, CIOs, board members, directors and partners of companies with a variety of specialisms, drawn from TheCityUK's member companies. TheCityUK's members are representative of the financial and related professional services industry as a whole.

Of the respondents surveyed:

- **84% want the UK to remain a member of the EU**
- 90% of business say that the decision about EU membership is important for the future of their business
- 88% agree EU membership economically benefits the UK as a whole

The research also highlights that the vast majority of senior City professionals think the UK's EU membership and its inclusion in the Single Market are key to the UK retaining its competitiveness:

interviewed 101 UK based CEOs,

# 1. How business opinion can be analysed

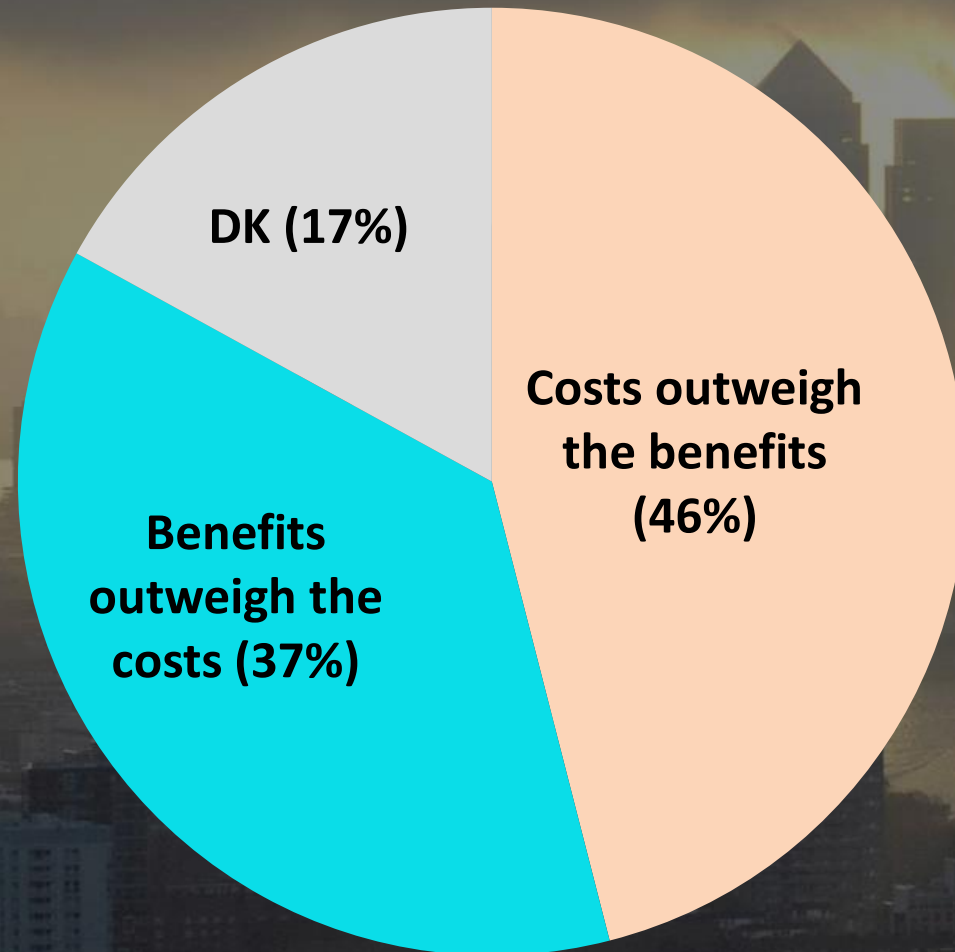
## b) The real picture from representative polls



# 1. How business opinion can be analysed

b) The real picture from representative polls

BfB asked business leaders where they stand on the EU...



**Big Business:**  
47% to 39%

**SMEs:** 33% to  
47%

Source: YouGov November 2013

# 1. How business opinion can be analysed

b) The real picture from representative polls

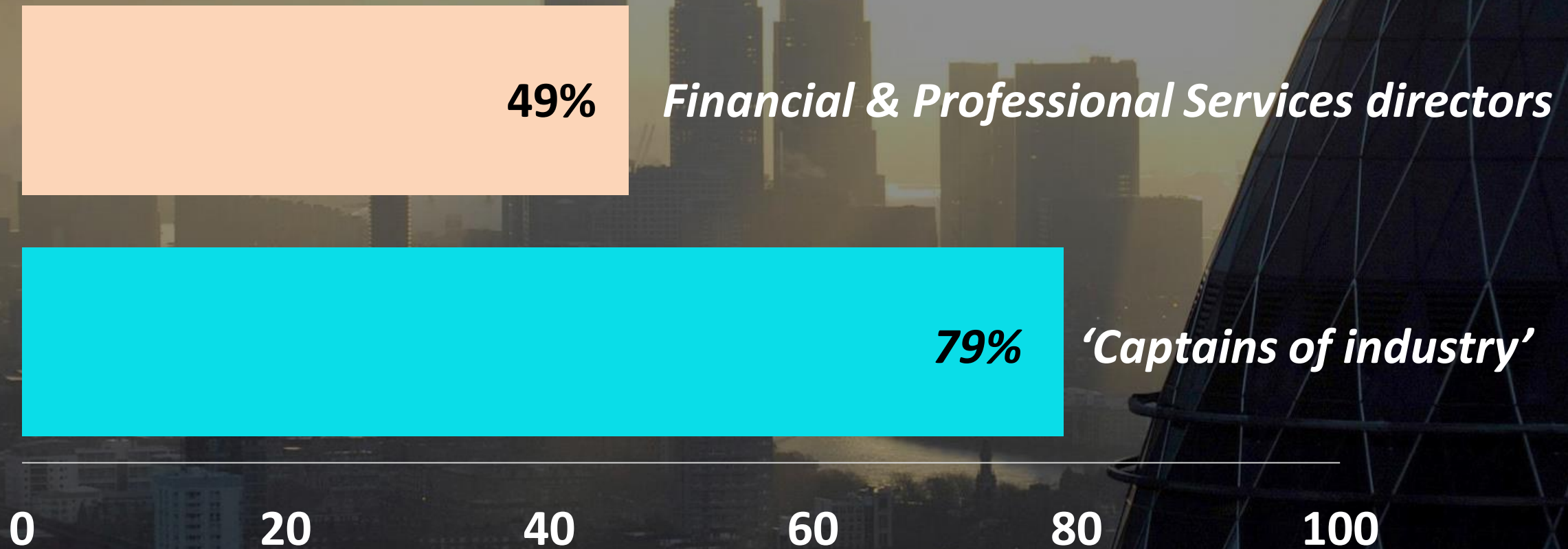
**BfB asked business leaders where they stand on the EU...**

	All	Small	Medium	Large
Want an EU referendum	66%	67%	68%	59%
Want employment law and working qualifications returned to the UK	76%	77%	76%	74%

# 1. How business opinion can be analysed

c) The split between big business and SMEs

*% saying that leaving the EU have a negative impact on their business*



Source: Ipsos MORI, February 2014

## 2. Why certain businesses oppose EU reform

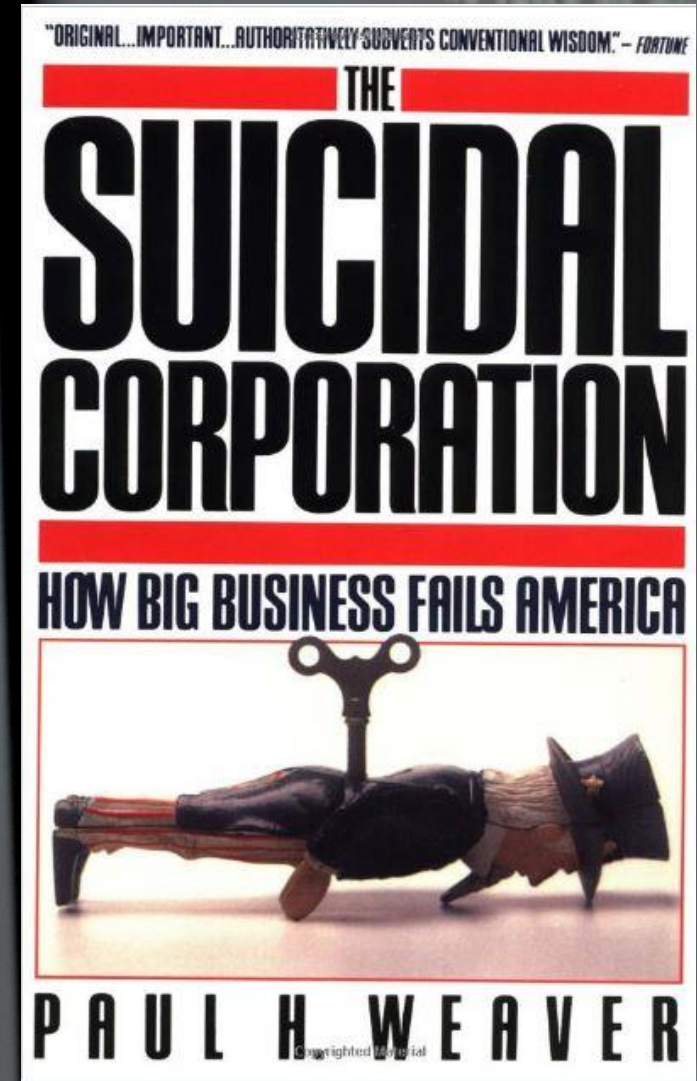
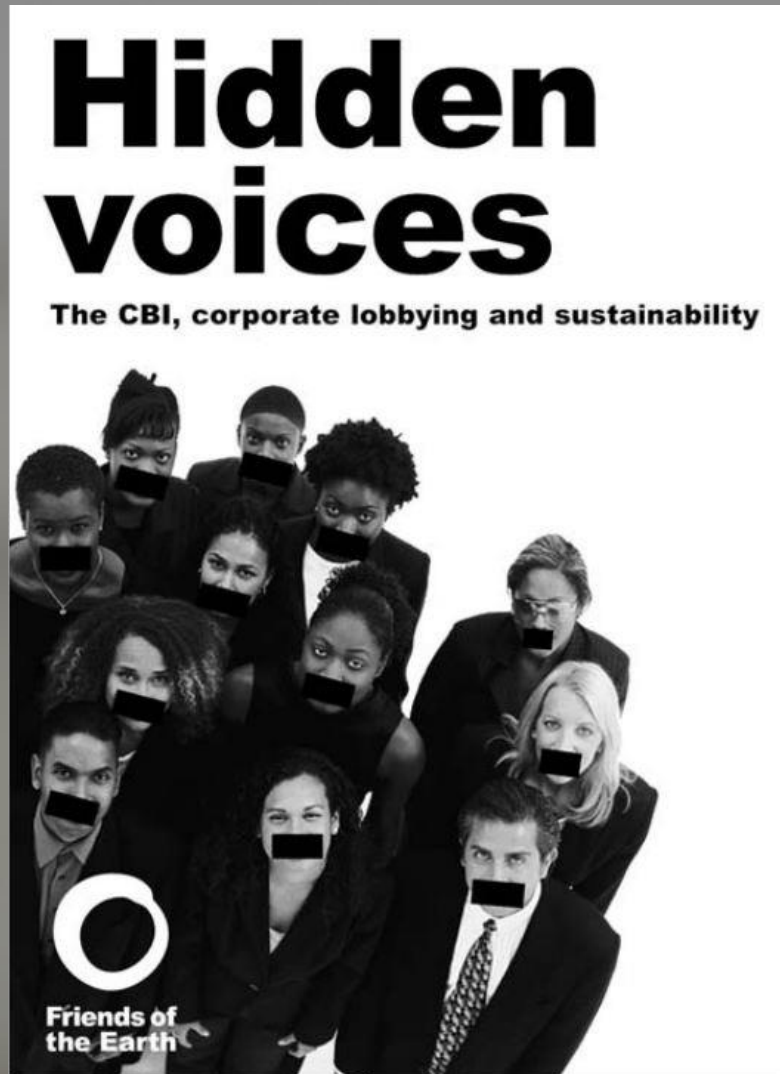
- a) Why the CBI and big business backs the EU
- b) The pro-EU campaign's small support base
- c) Eurosceptic big businesses

CBI  
THE VOICE OF BUSINESS



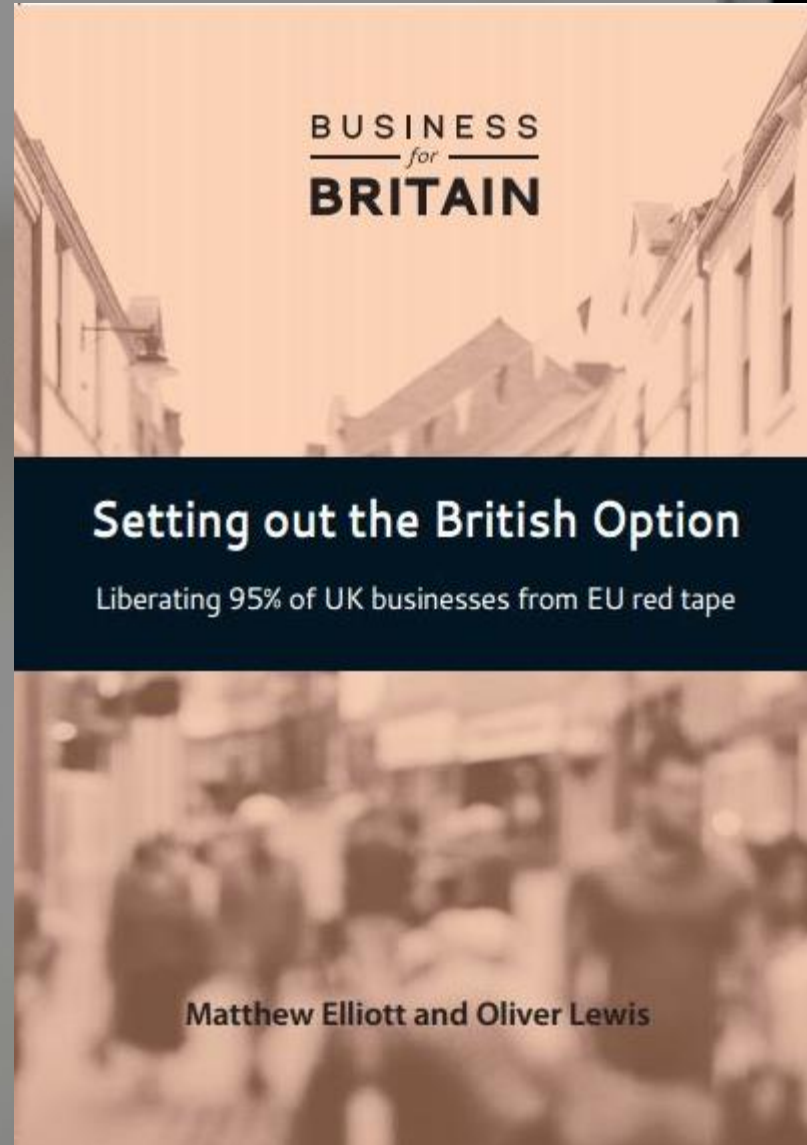
# 2. Why certain businesses oppose EU reform

a) Why the CBI and big business backs the EU



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## a) Why the CBI and big business backs the EU



CBI  
THE VOICE OF BUSINESS

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THE VOICE OF BUSINESS

# 2. Why certain businesses oppose EU reform

## a) Why the CBI and big business backs the EU



### CBI accused of bias over European cash

Richard Fletcher Business Editor

The independence of the CBI has been undermined because it received more than £800,000 in funding from the European Commission over the past five years, Business for Britain, a eurosceptic lobby group, has claimed.

The revelation, which will spark renewed questions about the transparency of the CBI, comes amid an increasingly bitter war of words between business leaders about a European referendum and a possible exit from the European Union.

John Cridland, the director-general of the CBI, will use the lobby group's annual conference today to call on chief executives to speak out against euroscepticism. That message will be echoed by Ed Miliband, the Labour party leader, who is also due to speak at the conference in London.

"Leaving the single market and stepping away from a trading bloc that strengthens Britain's ability to work with the new economies, like Brazil, India and China, would be a disaster for our country," Mr Miliband is expected to say.

Business for Britain published a YouGov poll, which it claims shows that a "representative survey" of companies

support a referendum on EU membership by 66 per cent to 28 per cent.

"The CBI vigorously campaigned to join the euro, something that would have been an unmitigated economic disaster for this country, and its leadership is using the same arguments it deployed then to warn against an EU referendum now," Matthew Elliott, chief executive of Business for Britain,

Exclusive to members  
Log on to Business  
Now for live coverage  
of the CBI conference

[thetimes.co.uk/business](http://thetimes.co.uk/business)

said. "They were wrong then, and they are wrong now. Independent polling shows that the overwhelming majority of business leaders back an EU referendum because they know it's the best way to secure a better EU deal for the UK."

Business for Britain claimed to have signed up more than 1,000 business leaders to back its campaign "for a

fundamental change in the UK's relationship with the EU".

The revelation of the £800,000 payment from the commission will reignite debate about the CBI's transparency, which was questioned earlier in the year when the lobby group campaigned against Scottish independence.

The lobby group does not disclose its membership list, publish accounts or reveal who sits on the committees — such as the powerful president's committee — that help to set its policies.

A number of businesses and organisations resigned from the CBI or suspended their membership after it registered as a campaigner against Scottish independence with the Electoral Commission. The CBI claims to speak on behalf of 190,000 businesses, but critics claim that it is dominated by a handful of multinational concerns.

Katja Hall, the CBI deputy director-general, said that it took part in a regular competitive tendering process with the EU to provide data on the UK economy. "The CBI conducts a number of economic surveys of businesses which are an important bellwether of UK business and economic trends. These surveys are used by the European Commission to enable it to collect robust EU-wide economic data."

### CBI bias row over public sector cash

Richard Fletcher Business Editor

The CBI has received more than £5.4 million from taxpayer-funded organisations in the past five years, including dozens of universities, NHS trusts, the BBC and Channel 4.

The revelation will trigger a renewed debate about the CBI's claim to be "the voice of UK business" and will increase pressure on the lobby group to be more transparent about its funding and membership.

According to Business for Britain, which submitted more than 1,700 freedom of information requests in an attempt to establish the source of the CBI's funding, 122 taxpayer-funded organisations contributed to the CBI between 2009 and 2014.

Of those, 87 paid £3.9 million in membership contributions. Other payments included to attend the CBI conference or to use CBI facilities.

The contribution of taxpayer-funded organisations was equivalent to 64 per cent of the CBI's profit before tax between 2009 and 2014, according to Business for Britain.

The claims are the latest round in the war of words between lobby groups about who speaks for business before a

possible referendum on the UK's membership of the European Union. The pro-European CBI claims to speak for 190,000 businesses.

However, the Eurosceptic lobby group Business for Britain believes that the CBI includes members of other trade groups affiliated to the CBI within the 190,000 and that the number of "signed up" members is a fraction of that figure.

"The CBI claims to be the voice of business, but not only does it fail to represent business opinion on issues such as the EU, but many of its funders are not even from the business community," Matthew Elliott, the chief executive of Business for Britain, said. "If the CBI wants to be the voice of business, it needs to back a referendum."

The CBI does not disclose its membership list, publish detailed accounts or reveal who sits on its committees, such as the powerful president's committee, that help to set its policies. By comparison the Institute of Directors does provide a directory listing all its members.

Among the taxpayer-funded bodies paying money to the CBI, universities were the largest contributors, with 80 contributing £3.4 million, including

membership and conference fees. The BBC paid £104,433 in membership contributions between 2009 and 2014 and Channel 4 paid £34,000. The City of London paid £111,548 in membership contributions and the Welsh government £1,175.

"It is clear that the public sector accounted for a significant proportion of the CBI's funding between 2009 and 2014. These figures clearly raise questions about how much influence these public bodies have over CBI policy," Mr Elliott said.

John Cridland, director-general of the CBI, said: "The CBI's income comes, overwhelmingly, from the subscriptions paid by our members ... They [public sector organisations] join because they operate in a commercial environment, value business links and are major employers."

"While public sector members are a tiny proportion of our overall membership and represent less than 5 per cent of our income, the CBI is proud to represent these organisations as part of its diverse membership."

Last year Business for Britain revealed that the CBI had received more than £800,000 from the European Commission over the past five years.

# 2. Why certain businesses oppose EU reform

## b) The pro-EU campaign's small support base

**BUSINESS**  
for  
**BRITAIN**

- Over 1,000 business supporters
- £600,000 in donations

**Business for**  
**New Europe**

- 260 business supporters
- £200,000 in donations

4 ★★★ FINANCIAL TIMES Monday 17 November 2014

NATIONAL

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Luke Johnson, the entrepreneur and Financial Times columnist who sits on BB's advisory council, says he would prefer not to see the UK out of the EU altogether but adds that "we need to get together and force through change . . . More than any other political struc-

The two groups purport to be non-partisan, although their leadership and membership inevitably show a tilt towards one party or another.

Mr Rudd has close ties to Lord Mandelson and New Labour and used to work for Lord Owen, the SDP founder. Meanwhile, Mr Mills is one of the Labour party's largest private donors, though his role as co-chair of BB reflects its somewhat awkward spanning of the political spectrum from diehard euro-sceptic Tories on the right to the anti-globalisation left.

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"We have never said there should not be a referendum," says John Cridland, director-general of the CBI.

He describes the BB as a "single issue group" and says the CBI's views on Europe are the outcome of months of

### Business for New Europe v Business for Britain

#### Leaders

Roland Rudd, 53, has been described by the tabloids as "another scheming lobbyist". Given that Finsbury, the PR company he founded in 1994 and still owns, was 26 of the FTSE 100 on its books, he might feel the description undervalues his influence. His own EU-related commitments include being a non-executive director of the Army Depot, chairing the NRPCC's Stop Organized Abuse campaign and advising the Royal Opera House. The former FT journalist is also a Chelsea football fan. He sold Finsbury, of which he owned four-fifths, to Sir Martin Sorrell's WPP in 2011 for £50m.

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#### Advisory councils

Includes the chairman of BAE Systems, Sir Roger Carr, Sir Martin Sorrell, the chief executive of WPP, and Sir Michael Roper, chairman of the BT Group.

Includes Roger Booth, economist, Sir Rocco Forte, hotelier, and Sir Michael Hirst, the hedge fund manager and Conservative party donor.

#### Budgets

BNE has been operating since 2006. A quarter of this year's £200,000 budget came from

BB is a more recent operation, established 18 months ago, but with an annual budget of



Roland Rudd



Matthew Elliott

# 2. Why certain businesses oppose EU reform

## b) The pro-EU campaign's small support base

No. of businesses the CBI "speaks for" down from 240,000 to 190,000



## 2. Why certain businesses oppose EU reform

c) Eurosceptic big businesses

A close-up portrait of Nigel Wilson, a man with dark, wavy hair, smiling broadly. He is wearing a dark suit jacket over a white shirt. The background is a blurred mix of green and blue lights.

“If we get a terrible deal we should stay out. I see the world as a huge opportunity for the UK but we are underachieving by concentrating on Europe.”

**Nigel Wilson**

Chief Executive, Legal & General

## 2. Why certain businesses oppose EU reform

c) Eurosceptic big businesses

**“I want to keep EFTA –  
European free trade –  
and free movement of  
peoples, but I don't see  
that we need to be  
dominated and  
bullied.”**

**James Dyson**

Founder, Dyson Company



## 2. Why certain businesses oppose EU reform

### c) Eurosceptic big businesses

**“While it might once have been the case that being part of the single market was of net benefit, the costs and over-regulation from Brussels now threaten to significantly outweigh any of those benefits.”**

**John Caudwell**

Founder, Phones 4u





# 3. The impact of business opinion on referendums



Yes



Vote  
NO

Scottish Labour

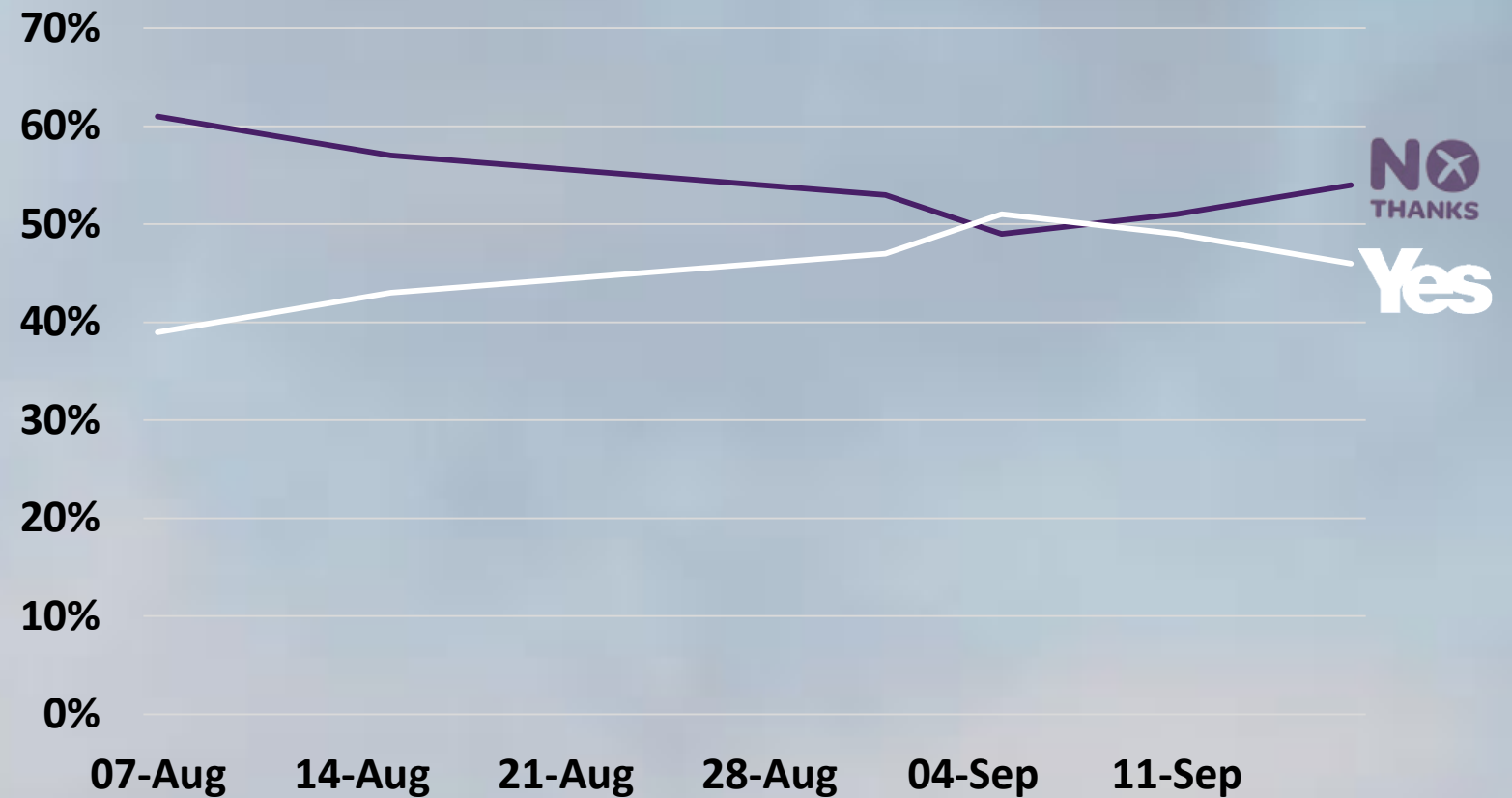
- a) The sudden shift in the polls
- b) The impact of business opinion
- c) The priorities of voters



Yes

# 3. The impact of business opinion on referendums

## a) The sudden shift in the polls



# 3. The impact of business opinion on referendums

## b) The impact of business opinion



Vote  
**NO**

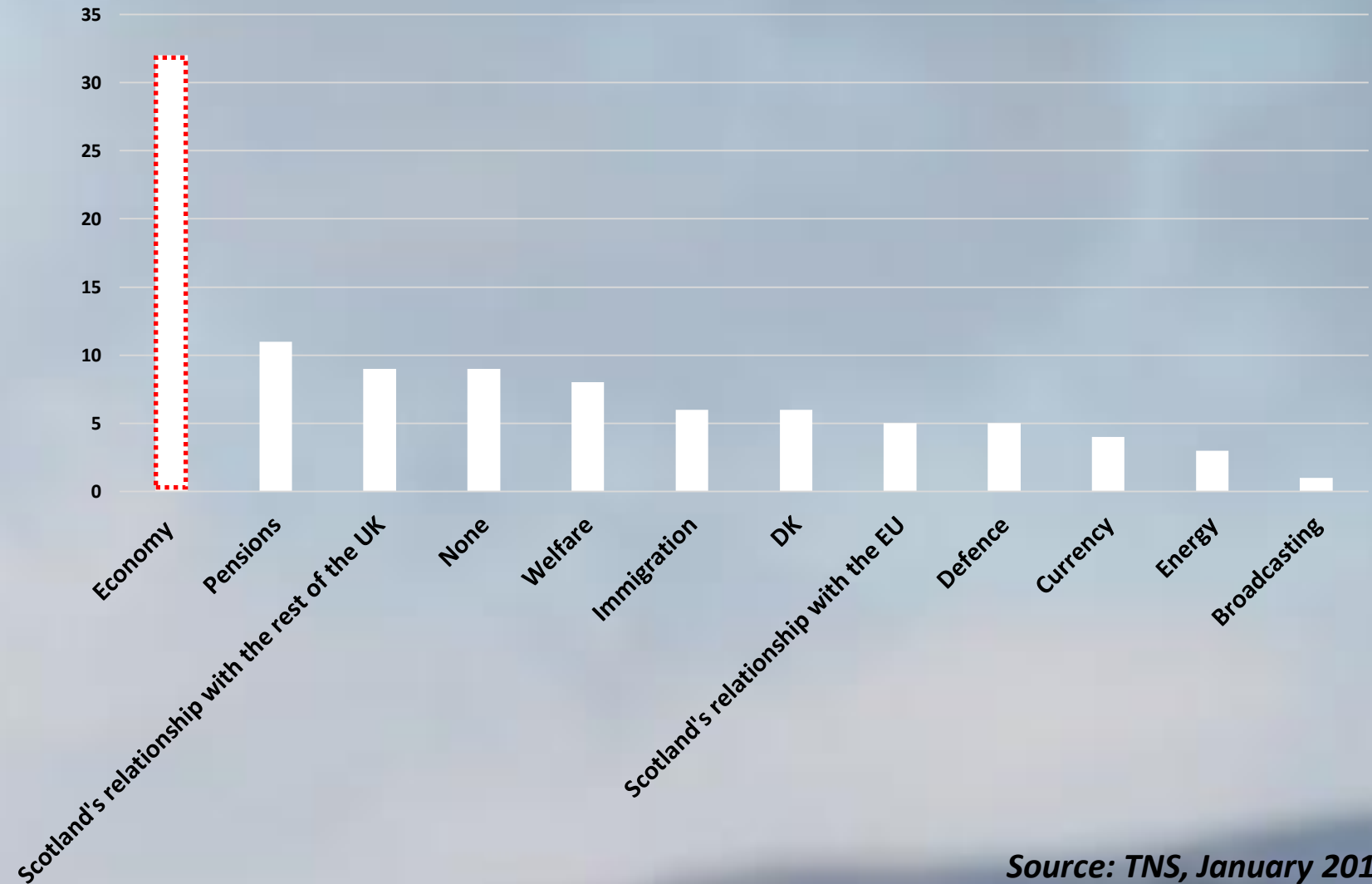
Scottish Labour

John Lewis chief warns Scots: 'Independence could lead to higher prices'

# 3. The impact of business opinion on referendums

## c) The priorities of voters

Scottish Voters' concerns



Source: TNS, January 2014

# 3. The impact of business opinion on referendums

## c) The priorities of voters

*“Ours was no rogue poll. The big No lead did evaporate. With two weeks to go, the race was too close to call. In the final days Yes support slipped back, as fears of the economic consequences of independence revived.”*

**Peter Kellner**

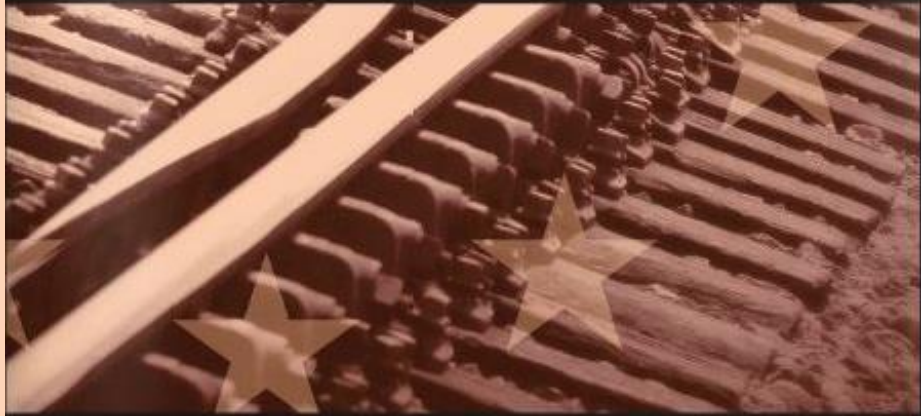
President, YouGov



BUSINESS  
*for*  
BRITAIN

## Change, or go

Why the EU needs to change and  
how we will get a better deal



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## The Change we need

10 proposals for EU reform





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