

This is no time to divide the West: David Cameron on Brexit risks

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London: A vote to leave the European Union would be "a great leap into the unknown" at a perilous time for Britain and the West, Prime Minister David Cameron said Monday, as uncertainty over the U.K.'s future in the bloc sent the pound plunging on currency markets.

As the political battle for Britain's future entered high gear ahead of a June 23 referendum, Cameron told lawmakers that membership in the 28-nation EU boosted the country's economy and security.

He told the House of Commons that in the face of threats including Russia's muscle-flexing President Vladimir Putin and Islamic State group attackers in the Middle East, "this is no time to divide the West."

"Leaving the EU may briefly make us feel more sovereign," he said, but argued the U.K. would be "stronger, safer and better off" within the EU.

Cameron said a deal he struck Friday with 27 other EU leaders gives Britain "special status," exempting the U.K. from ever-closer political bonds within the bloc and protecting the rights of the pound against the euro currency used by 19 EU countries.

But Cameron's Conservative Party is deeply split on the issue, with as many as half its 330 legislators "and at least six of the 23 Cabinet ministers" in favor of leaving the EU.

In a sign of the uncertainty stirred up by the EU vote, the pound dropped to a seven-year low of \$1.4058 before rebounding slightly, and also sagged 0.5 percent against the euro. Bookmakers shortened the odds on a vote to leave though betting markets still favor a "remain" victory.

UBS Wealth Management said Monday it put the probability of a British EU exit "known as 'Brexit'" at 30 percent.

Simon Smith, chief economist at FxPro, said the next four months "won't be a fun time" for the pound, which has weakened in recent months.

"It's more the uncertainty that will weigh on the currency, rather than investors taking a view on the outcome and the implications for the economy, which are hard to argue either way," he said.

Many big businesses have warned that leaving the EU "with its open internal market of 500 million people" would hammer the British economy. But London Mayor Boris Johnson, a high-profile supporter of an "out" vote, said fears of economic catastrophe were "wildly exaggerated."

He likened the predictions to those who had issued apocalyptic warnings that if Britain did not join the euro single currency, the City of London financial district would suffer and "great mutant rats would gnaw the faces of the last bankers."

However, Johnson suggested his goal is to vote to leave, then reopen negotiations on better terms for remaining in the EU.

"All EU history shows that they only really listen to a population when it says 'no,'" he wrote in the Daily Telegraph.

Cameron scoffed at the notion.

Comparing the relationship with Europe to a marriage, he said: "I don't know any (couples) who have begun divorce proceedings in order to renew their marriage vows."

Former Conservative leader Iain Duncan Smith said Sunday that the EU's "open border," and the inflow of millions of migrants from the Middle East and Africa, made it more likely terrorists could slip into the U.K. — though Britain is not part of the EU's borderless Schengen zone.

But Rob Wainwright, director of the European police cooperation agency Europol, said that leaving the EU and the police cooperation capabilities it offers "would make the U.K.'s job harder, I think, to protect the citizens from terrorism and organized crime."

Other European leaders have sometimes expressed annoyance at Britain's demands, but want the U.K., with its economic and diplomatic clout, to remain in the bloc.

Italian Prime Minister Matteo Renzi said Monday that he hoped "good sense will prevail" in the British referendum.

A "leave" vote would take Britain out of the European Union after more than 40 years, and could lead to a break-up of the United Kingdom. Polls suggest Scottish voters, who rejected independence in a 2014 referendum, are more firmly pro-European than their English neighbors.

"If we are forced out of the EU I am certain the public in Scotland will demand a (new) referendum on Scottish independence," Scottish National Party lawmaker Angus Robertson said.

- AP