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# Europe after Brexit

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# Europe after Brexit

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**Table of contents**

I. Introduction  
    “The confluence of dreams”: looking to the future ..... 7

II. Reflections on the UK referendum and its antecedents..... 8

III. Implications for the UK ..... 12

IV. Implications for Ireland ..... 16

V. What next – the procedures ..... 20

VI. What next – the politics ..... 21

VII. Implications for the EU..... 23

VIII. Conclusion..... 26

## I. *Introduction* *“The confluence of dreams”: looking to the future*

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The phrase, the confluence of dreams, is borrowed from the poem, *Salutation*, by AE, George Russell, its sub-title was dedicated by the author: *“To the memory of some I knew who are dead and who loved Ireland”*. The poem deals not only with the leaders of the Easter Rising, Pearse, MacDonagh and Connolly, but also with those like Tom Kettle, the former Irish nationalist MP and Professor at University College Dublin who died on the Western Front in September 1916. It was inclusive before its time.

*“And see the confluence of dreams,  
That clashed together in our night,  
One River born of many streams,  
Roll in one blaze of blinding light.”*

The confluence of dreams and the river born of many streams was to find a post-war European expression in the Schuman Declaration of 9 May 1950. Coal and steel in the Ruhr valley and elsewhere that had helped to fashion the weapons of war became through this new vision the instruments for consolidating the peace. This was the foundation for the European Coal and Steel Community (ECSC). To quote the Schuman Declaration: *“In this way, there will be realised simply and speedily that fusion of interest which is indispensable to the establishment of a common economic system; it*

*may be the leaven from which may grow a wider and deeper community between countries long opposed to one another by bloody divisions”, and grow it did.*

Through widening by successive enlargements, which saw the European Union (EU) expand to 28 member states, and deepening through a series of Treaty changes, European integration proceeded apace. The path was not always smooth but the direction was clear. The leaven of integration exercised a transformative influence across the face of the continent.

The United Kingdom’s vote to leave on 23 June 2016 is a seminal event for the UK and the EU alike. When completed, this will be the first act of post-war European disintegration in more than six decades. For the EU, for the UK and for the island of Ireland the stakes are high. It is a new age of uncertainty.

## II. Reflections on the UK referendum and its antecedents

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The UK Brexit referendum has been a long slow burn. It was on the 23 January 2013 that Mr Cameron announced during his Bloomberg speech in London that: *“it is time for the British people to have their say. It is time to settle this European question in British politics”*.

This covered the Conservative Party’s political flank exposed to an opinion poll surge by UKIP prior to the last British general election but carried the price of making the holding of a referendum inevitable. It has been a tough and divisive campaign whose political scars will outlast its duration. It would be fanciful to suggest that Britain’s European question will be settled once and for all. The campaign has finished but its legacies and associated

uncertainties will linger for a long time to come. Britain’s European debate has entered a new phase but its potential to divide is far from exhausted.

The issues crystalised around the economic downside risks and the loss of standing and influence by the UK, on the one side, and immigration, budgetary savings from Britain’s EU contribution and taking back control on the other. The tone often was shrill, divisive and contemptuous of verifiable facts. Each side variously has described the other as engaging in *“project fear”* or in *“project hate”*. It has not been able to avoid a drift towards xenophobia on occasion. To the outside observer this debate on Britain in the EU has seemed to be as much or more about a search for an expression of a contemporary British, particularly an English, identity rather than strictly speaking about the EU and its challenges.

The end of the referendum campaign was a political and emotional roller coaster, overshadowed and interrupted but not stopped by the killing of Jo Cox, MP.

For the UK the relationship with and enthusiasm for the post-war European integration project has always been contested both in the Conservative and Labour parties. Britain encouraged the emergence of Europe’s post-war polity but kept its distance also. When the three great powers met at Yalta and Potsdam to decide the fate of post-war Europe, Churchill, empire and her sacrifices during the war assured Britain’s place at the top table, not equal to but on a plane with the emerging superpowers of the United States and the Soviet Union. The empire on which the sun never set then comprised a quarter of the world’s population, was the second most important power in the Far East, the predominant power in the Middle East from Iran to Libya and from Iraq to Aden and with commensurate interests, responsibilities and military presence.

Denied victory in the first post-war general election, Churchill bestrode the western stage urging a *“United States of Europe”* in Zurich; presiding from its foundation in The Hague in 1948 the European Movement which commended inter alia the creation of

the Council of Europe and the European Convention on Human Rights and, in the United States, identifying the Cold War and the Iron Curtain as the great preoccupations of the age. For Britain he enunciated three circles of influence: the transatlantic relationship with the United States, the Commonwealth and Empire and Western Europe. Britain remained aloof from continental Europe's early steps towards integration. When the ECSC was founded in 1951 the Financial Times described it as a: "*cross between a frustrated cartel and a pipe dream*".

For continental Europe this was a turning point in its post-war history. It was a new accord between states spurred on by the exhaustion of war to make a fresh start. It marked the beginning of a new partnership between France and Germany. Jean Monnet, as known and respected in London and Washington DC as he was in Paris, tried but failed to engage British interest. The full British cabinet never even dealt with the ECSC question. Reportedly the Prime Minister, the Foreign Secretary (due to hospitalisation), the Chancellor of the Exchequer and the Lord Chancellor were absent when the cabinet decided.

Again at Messina in 1955 when the way towards the Treaty of Rome and the European Economic Community (EEC) was being prepared Great Britain chose to observe but loftily to disdain. The UK representative was Russell Bretherton, Under Secretary at the Board of Trade. Eventually when he asked for the floor he is reported to have declared: "*The future treaty which you are discussing has no chance of being agreed; if it was agreed it would have no chance of being ratified; and if it were ratified it would have no chance of being applied. And if it was applied it would be totally unacceptable to Britain. You speak of agriculture which we don't like, of power over customs which we take exception to, and institutions, which frighten us. Monsieur le president, au revoir and bonne chance*". He then walked out and did not return.<sup>1</sup>

<sup>1</sup> Denman Roy, *Missed Chances: Britain and Europe in the twentieth century*, Cassell, 1996.

After de Gaulle's rejection of Britain's first application to join the EEC, Harold Wilson decided to re-apply in May 1967. David Hannay, a retired diplomat and then a key British negotiator in the period from 1965 to 1970, notes: "[...] *that no one involved in those negotiations ever underestimated the massive burden imposed on the negotiators by the failure of our predecessors in the 1950s to have joined the Community at the outset*", in what he characterises as "*that fatal misjudgement*".<sup>2</sup> Such convictions have generated significant tensions and barely concealed hostility towards senior Foreign and Commonwealth Office diplomats on the part many of Britain's leading Eurosceptics, despite the fact that the former have discharged their duties in Brussels to considerable effect.

Euroscepticism in the party ranks continued to dog the careers of several consecutive British Prime Ministers. A media largely pro EEC at the time of the UK's first and only other European referendum in 1975 turned increasingly sour and hostile towards Europe over the past several decades. This earned the moniker of that "*feral beast*" from Tony Blair after he left power. The feral beast, combined with a nativist English nationalism, anti-immigration sentiment, populism and acute Euroscepticism triumphed in the referendum campaign.

With a population of 65 million, the fifth largest economy in the world by nominal GDP, the largest financial centre in Europe in the City of London, a permanent seat on the UN Security Council, a leading European member of NATO and enjoying a special relationship with the USA, the loss of the UK to the EU is immense. It is politically and psychologically a major reverse. For the UK far from settling its European question this matter is set to dominate its politics, economics and international relations for years to come.

<sup>2</sup> Hannay David, *Britain's Quest for a Role – A Diplomatic memoir from Europe to the UN*, I.B.Tauris, 2013.

### III. *Implications for the UK*

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The UK itself has entered uncharted waters and is now experiencing unparalleled political, economic, fiscal, and constitutional volatility. Whatever its ultimate depth and duration this is a self-inflicted wound. The current government leaders are in office but not in power pending the election of a new Prime Minister and leader of the Conservative party. The opposition Labour party is in open revolt and disarray. UKIP circles the weakened body politic. They speak darkly of betrayal, of some Leave campaign leaders already backsliding on commitments to halt immigration. An election could be in the offing but would, if it happened, take place in an especially febrile and fragile political climate. As regards uncertainty, government and politics in the UK today is part of the problem.

Though disputed in terms of referendum campaign polemics, there is more consensus on the economic consequences of a Brexit than on almost any other issue. Viewed by Her Majesty's Treasury, the Bank of England, the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the National Institute for Economic and Social Research, the Institute of Fiscal Studies, Oxford Economics and the Confederation of British Industry, Brexit will hurt. It will hit the UK's prosperity with a long-term negative impact estimated by all of the above at between 3% and greater than 7% of GDP. This would diminish Exchequer income through lower tax receipts and higher benefit payments. A fall in UK GDP of just 0.6% would cancel the supposed net benefits flowing from a cessation of UK net payments to the EU budget. These, for all the focus on them, amount only to 1% of British government expenditure. In short, as regards UK public finances, the downside effect of a loss of output linked to Brexit would vastly outweigh the savings to be made from the UK's annual membership fee in the EU. There is no National Health Service bonanza at the end of the Brexit rainbow. Finally, if the UK was to negotiate a European Economic

Area (EEA) style arrangement like Norway it would be obliged to continue to make considerable contributions to the EU budget, to be determined in the course of negotiations.

In winning the vote to take back control over its own affairs and assert the importance of regaining lost sovereignty the Leave campaign poses a challenge to the continued existence of the UK itself. The sovereignty question has two facets, external as regards the UK/EU relationship and internal as regards the divided outcomes between English and Scottish voters in particular. This double sovereignty issue finds a counterpart in a double fragmentation challenge. The EU would lose an important member state and the UK risks losing an important national component part.

Scotland's vote to remain in the EU has reignited the possibility of a break-up of the three centuries old Act of Union between the Kingdoms of Scotland and England dating back to 1707. The possibility of another independence referendum has been mooted but not decided. For the moment Scottish public opinion shows a modest margin in favour of independence. However, there is uncertainty about whether its currency would be the euro or sterling, what the fiscal impact of the collapse of oil prices would be on Scotland's budgetary arithmetic, what would be the implications for its 154 km border with England and what trade relationship it would enjoy with a post EU UK? This makes any presumption as to the holding of a referendum or its outcome highly speculative.

Whether Scotland because of its devolved authority could exercise a veto on a UK Brexit forcing it out of the EU against its will also has been raised. Whatever the ultimate fate of this suggestion it speaks to Scotland's determination to assert a right to stay in the EU. By whichever Treaty legal base this quest for EU membership might proceed it would require the unanimous support of the EU 27 member states. Given the constitutional and political sensitivities to the prospect of Catalonian independence in Spain, the Spanish government already has signalled a fundamental objection even to considering the question.



The value of the pound against the dollar fell to a three decade low. More than £100 billion was written off UK share prices in a bout of stock market volatility. The global uncertainties and surprise at the outcome was measured in a record setting \$3 trillion wipe out in share values across the world in the first two trading days after the result was declared. Markets will rally and there will be some recovery but as shock waves go this one has earned a place in the history books by surpassing even the September 2008 melt-down triggered by the onset of the financial crisis. Falling pension annuities will be among the first casualties. Interest rates look set to remain on the floor. The UK has been stripped of its AAA credit rating with warnings that the ratings could be slashed again.

While the referendum campaign swung between charges and counter charges of being “*project fear*” or “*project hate*”, it is now apparent that nobody, on either side, prepared any authoritative and coherent exit strategy. As a precautionary principle, one might have expected the government to do some contingency planning, even if this was kept from public view. This was not so. The extent of the drift and vacuum at the top of British politics can be gauged from the Prime Minister’s post referendum statement to Parliament in which he revealed that: “*the Cabinet met this morning and agreed the creation of a new EU unit in Whitehall. This will bring together officials and policy expertise from across the Cabinet Office, Treasury, Foreign Office and Business Department. Clearly this will be most complex and most important task that the British Civil Service has undertaken in decades. So the new unit will sit at the heart of government and be led by and staffed by the best and brightest from across our Civil Service. It will report to the whole of the Cabinet on delivering the outcome of the referendum, advising on transitional issues and exploring objectively options for our future relationship with Europe and the rest of the world from outside the EU. And it will be responsible for ensuring that the new Prime Minister has the best possible advice from the moment of their arrival*”.<sup>3</sup>

<sup>3</sup> Prime Minister’s statement to the House of Commons, Monday 27 June 2016.

It is beggars belief to learn that what David Cameron described as “*exploring objectively options for our future relationship with Europe*” is only now beginning and this after the democratic die has been cast.

As things stand right now the UK politically, institutionally and diplomatically is unprepared for the complexity that lies ahead. In terms of substance as distinct from political rhetoric it appears not to know exactly what it wants. Consequently, it is not immediately in a position to notify the EU 27 of its intention to trigger the Article 50 procedure under the EU Treaties. This is the clause that sets the clock running on exit negotiations.

House of Commons research suggests that after four decades of membership EU law makes up at least one sixth of UK statute law. To this should be added 12,295 EU regulations with direct effect amounting to hundreds of thousands of pages of law covering matters from the likes of bank and consumer rules to food standards. These laws cease to apply when Britain leaves. The EU has negotiated more than fifty bilateral trade deals with third states. These constitute the basis of UK trade in world commerce today but are not automatically inherited by the UK when it leaves.

If the UK wants full access to the EU’s internal market then much, perhaps most, of this legal and regulatory inheritance will need to stay in place. This is so because it constitutes the common standards and mutual recognition norms that are the foundation on which the internal market is established. In the event of disputes based on such EU law the judgements of the European Court of Justice (ECJ) hold primacy. Getting control back from the ECJ was one of the focal points of the Leave campaign but would be incompatible with the enforcement of judgements for any state fully accessing the single market.

The most glaring inconsistency relates to controlling Britain’s borders and shutting down the free movement of labour from the EU while simultaneously appearing to insist on full market access. This will be a major sticking point. Speaking in the Bundestag

Chancellor Merkel recently insisted: “We will ensure that the negotiations will not be run on the principle of cherry picking. We must and will make a palpable difference over whether a country wants to be a member of the family of the European Union or not. Whoever wants to get out of this family cannot expect that all the obligations fall away but the privileges continue to remain in place”.<sup>4</sup>

## IV. Implications for Ireland

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Turning to Ireland, relative to its size it is more exposed than any other EU state to the consequences of a Brexit both in its immediate and longer-term effects. Ties of history, culture and friendship; the only EU partner which shares a land border with the UK; the Common Travel Area (CTA); dense trading relations; similar common law institutions; high levels of energy interconnection; compatible views on the EU single market, the digital single market and EU trade agreements; each with a large number of national born residents living and working in the other’s jurisdiction and the peace process in Northern Ireland - taken together amount to a unique and asymmetric exposure to what now awaits.

Falls in UK GDP automatically will spill over into the Irish economy. The Department of Finance has estimated this could cost the equivalent of €3 billion over the next two years, cutting GDP by 1.6%.

The sterling/euro exchange has shown wide margins of fluctuation in the past. The current exchange rate is not without precedent. Sterling’s decline has not been to the euro’s advantage since, given the uncertainties, neither currency has a safe haven status

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4 Chancellor Merkel, Bundestag speech, 28 June 2016.

in the eyes of the market. The more sterling’s relative value to the euro declines, the greater the competitive pressure faced by Irish exporters to the UK and the higher the prospect of cross border trade diversion among shoppers.

Last year almost 40% of Irish merchandise exports went to the non UK EU, 14% went to Great Britain and Northern Ireland and 26% went to North America. This contrasts with a 75% trade dependency on the UK in the mid-1960s prior to Ireland and the UK commencing their common journey towards EEC membership. However, Irish trade patterns vary between foreign and indigenous firms. Irish firms in general and small and medium enterprise in particular are more reliant on trade with the UK. Agriculture, food and drink exports are particularly dependent on and exposed to changes in UK market access and currency fluctuations. Total goods and service exports to the UK amount to 17% of GDP and will be the primary mechanism for transmitting any UK economic slowdown into the Irish economy.

New opportunities for Foreign Direct Investment (FDI) flows into Ireland as a result of a Brexit should arise but could be vulnerable to any shifts in UK domestic policy designed to improve the attractiveness of Britain to external investors after the EU. For the time being the extent and depth of UK uncertainty as to its strategic direction should be of assistance to the Industrial Development Agency’s (IDA) promotional efforts.

Mirroring the UK debate but for different reasons the free movement of persons is perhaps among the most sensitive issues for Ireland. The island of Ireland with its two jurisdictions is the only territorial land border between the EU and the UK. It is 499 km long. A CTA has been in operation since the 1920s. It is not specifically provided for in legislation. The first legal recognition of the CTA between Ireland and the UK is EU-based and contained in the Treaty of Amsterdam. The Irish and UK governments have agreed on a series of measures, including reciprocal visa arrangements; measures to increase the security of the external CTA border; and to share immigration data between the two

countries' immigration authorities. 2011 marked the first public agreement between the UK and Irish governments concerning the maintenance of the CTA.<sup>5</sup>

Fears of the dislocating effects of the re-imposition of border and customs controls pose concerns not just on a north-south basis on the island but also on an east-west basis between the island of Ireland and Britain. Initial high level contacts between Dublin, Belfast and London and statements both by the Remain and Leave camps reveal an underlying preference to maintain the current arrangements or, should they need to change, to minimise any potential dislocation.

Ireland has an all island electricity market since 2007. Northern Ireland relies on imports of electricity to fill local supply gaps. An independent UK energy market could expose Ireland to vulnerabilities in the event of problems arising there regarding the supply of electricity. For strategic certainty this would require enhanced electricity interconnection between Ireland and the EU, most likely with France, with considerable infrastructural investment costs and potential implications for the price of electricity.

Around 400,000 people born in the Republic of Ireland are UK residents, while about 230,000 British-born people are resident in Ireland. Some of these people may have passports related to their current residency rather than their places of birth, but many others could find themselves post-Brexit being resident in a country where their right to residency has come into question.

At least for the period of exit negotiations nothing will change immediately concerning residency rights, border crossings or customs controls. Also one may anticipate the negotiation of transitional arrangements to smooth the passage to any new order.

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5 Officially entitled the "Joint Statement Regarding Co-Operation on Measures to Secure the External Common Travel Area Border", it was signed in Dublin on 20 December 2011 by the UK's immigration minister, Damian Green and Ireland's Minister for Justice, Alan Shatter.

Northern Ireland voted by a majority to remain in the EU. That has provoked calls by Sinn Féin for a border poll under the Belfast Agreement. Ruled out by the Secretary of State, Teresa Villiers, and contested by the First Minister and the Democratic Unionist Party (DUP) such a prospect is not imminent. The Good Friday Agreement permits the Secretary of State to hold such a poll "*at any time it appears likely to him that a majority of those voting would express a wish that Northern Ireland should cease to be part of the United Kingdom and form part of a united Ireland*".<sup>6</sup> The most recent polls suggest that no majority currently exists in Northern Ireland for Irish unity. This could change. Imagine a scenario where in several years time the UK no longer exists, an independent Scotland was a member of the EU, budget austerity was forced on Belfast because of spending cuts in London and farmers and others who had been promised compensation from London's dividend from its EU budget savings failed to materialise.

Under the heading of Rights, Safeguards and Equality of Opportunity, the Good Friday Agreement establishes that: "*the British Government will complete incorporation into Northern Ireland law of the European Convention on Human Rights (ECHR), with direct access to the courts, and remedies for breach of the Convention, including power for the courts to overrule Assembly legislation on grounds of inconsistency*".<sup>7</sup> In addition to its EU angst the UK "*take back control*" debate has been quite exercised about the jurisdiction of the ECHR. This is an institution of the Council of Europe and not the EU but it has not been immune to the demand to repatriate powers. Should this happen it risks to undermine a key pledge contained in the Good Friday Agreement and warrants attention.

All this has faced the Irish government, diplomacy and public service with an unprecedented challenge, requiring perhaps its greatest mobilisation in the national interest since independence.

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6 Schedule 1, Section 2, Good Friday Agreement.

7 Rights Safeguards and Equality of Opportunity paragraph 2, op.cit.

Unlike London, Dublin, to its credit, has worked on a contingency plan, which was published the day after the Brexit vote.<sup>8</sup> This will inform, guide and respond to circumstances as they emerge.

## V. What next – the procedures

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The Treaty of Lisbon introduced article 50 of the Treaty on European Union (TEU) for the first time. It provides for the negotiation of a withdrawal agreement between the EU and the withdrawing state. If no agreement is concluded within two years, that state's membership ends automatically, unless the European Council and the member state concerned decide jointly to extend this period. The legal consequence of a withdrawal from the EU marks the end of the application of the EU Treaties in the state concerned from that point on.

The procedure is initiated by a notification to the European Council from the member state wishing to withdraw. The UK will set a precedent because it is the first state ever to contemplate triggering this untried and untested process.

Before concluding the agreement with the UK, the Council will need to obtain the consent of the European Parliament. The watershed moment in Brussels on Wednesday, 29 June 2016, at the European Council when the UK was excluded from participation marks a first step. From now on the UK will not participate in the discussions or in the EU 27's decision making concerning it as the exiting state. No similar provision exists for the European Parliament regarding the participation of the MEPs from a withdrawing state.

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<sup>8</sup> [http://www.merriestreet.ie/en/News-Room/News/Contingency\\_Framework\\_Summary.pdf](http://www.merriestreet.ie/en/News-Room/News/Contingency_Framework_Summary.pdf).

The Council will conclude the agreement with a super qualified majority vote comprising at least 65 % of the population of the EU 27 and 72 % of the members of the Council.

No further ratification of the agreement is required by the member states remaining. However, any Treaty changes or international agreements such as a free trade agreement that might be part of the withdrawal agreement would need to be ratified by the remaining member states in accordance with Article 48 TEU. This procedure requires the assent of the European Parliament and is open to a vote in any or all national parliaments of the EU 27.

As an international agreement concluded under EU law the withdrawal agreement would potentially be subject to judicial review by the ECJ if part or all of its content was disputed by any one of a potentially very large number of claimants. The domestic courts of the remaining member states would be able to refer questions regarding the withdrawal agreement for preliminary ruling to the ECJ. For British courts to have the same power this would need to be expressly negotiated and included in the withdrawal agreement. Shaking off the jurisdiction of the ECJ will not come anytime soon to the UK.

In short, this will not be a simple process institutionally, politically or legally and may contain the seeds of many pitfalls which are not yet discernable.

## VI. What next – the politics

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For the EU the opening position has been clarified one week after the vote and can be summarised by the phrase “*no notification, no negotiations*”. For the moment the ball is in Britain's court. That

court is focused on introspective political battles and a possible early election. The uncertainty of this early phase is set to linger for some months to come.

Many voices from the European Parliament to the European Commission to several member states are urging the UK to lodge their notification of withdrawal as quickly as possible. Irritations built up over this interim period, if it is prolonged, later could rebound politically in the process.

President Tusk has insisted on behalf of the Council that: “*there will be no single market à la carte*”. The Council conclusions expressly confirm this by recalling that “*access to the single market requires acceptance of all four freedoms*”. This is a reference to EU principles on the free movement of capital, labour, services and goods.

It would appear to be a response to Mr Cameron’s reported remarks at dinner on the previous evening that he would have avoided Brexit if European leaders had let him control migration. The lines are drawn. However, the EU has a knack for ingenious compromise. This may be severely tested in the current context but should not be ruled out. Calm deliberation in the preparation and conduct of the withdrawal negotiations by both sides and time to recover from the shock of what many never really anticipated, including possibly some key leaders of the Leave campaign, could go a long way towards developing a mutually acceptable resolution.

The anti-elitist populism of the Brexit campaign leaders may soon be tested in government. To quote David Miliband, the brother who was not elected to the labour party leadership in the UK after the departure of Gordon Brown: “*Populism is popular until it gets elected. Then it has to make decisions. And that is when the trouble starts*”. If things do not work out who or what will be blamed after they have quit the EU?

## VII. Implications for the EU

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The loss of one of its largest, richest most globally connected states diminishes the EU. It is not fatal but it is not good.

This should be a wake-up call for EU and more particularly for the European Council and its leading protagonists. Do they really value the EU and if so what duty of loyal engagement do heads of state and government owe to the common cause? Brussels is not and should not be above criticism. But too often its institutions are the victim of member state induced policy inertia or solo runs which, when they flounder, immediately lapse into externalising the blame by blaming Brussels. This behaviour conveniently ignores the national egoisms that constitute the roots of so many problems in the first instance. It is a kind of have your cake and eat it philosophy, variously refuse or promote a particular policy change but then refuse to accept responsibility for doing so. By this means over a long period of time, amplified by media elements that thrive on bashing Brussels, the EU has ended up with its perceived deficits rarely balanced out by credit earned but not acknowledged.

Politically the response to Brexit is fluctuating between the unwanted but not necessarily the unthinkable, which would be a domino cypcat Brexodus of other EU states, and the unattainable, a utopian federal vision of a European super state with radical early amendments to the Treaties. Neither is inevitable. Neither is desirable in current circumstances. Politics is the art of the possible. The EU’s leaders need to strike a balance but not to overreact lest they should trigger some of the very responses that are least to be desired. Chancellor Merkel’s patient incrementalism seems to be in tune with the needs of the times.

The European Union itself has been labouring under great pressure in recent years. Rarely, perhaps never, have the Union's institutions been so stretched by multiple and simultaneous crises and challenges.

The scars of the economic crisis and continued anaemic economic growth are socially, economically and politically plain for all to see. This has led to sharp falls in trust both in domestic and European political institutions as reported by successive opinion polls. It has been accompanied by increasing political volatility placing traditional centre parties, both of the left and the right, under great strain.

The crisis has seen division between the north and the south, between creditor states and debtor states, and growing social cleavages witnessed by mass unemployment and rising poverty and social inequality, especially in southern Europe. The impending slowdown because of Brexit risks aggravating these strains.

The Eurozone banking system is still trying to recover from the last crisis and in some member states banks may be severely tested by any further deterioration in the economic performance of the real economy.

Unprecedented migratory flows have brought in their wake unprecedented internal tensions at the EU's external borders and internally at the borders of several member states. Germany's decent and well-intentioned refugee policy was visited upon the EU unprepared, underfunded and effectively by imposition and not negotiation. To add to its economic woes Greece by default became a human holding pen, a continent's Ellis Island, bursting under the weight of its huddled refugee masses.

Further to the east, Russia, earlier in Georgia and more recently in Ukraine, has seized every opportunity to aggress its near neighbours. Syria marks Russia's comeback to the Middle East table. A weakening of the EU risks emboldening this resurgence. To the

south, failed states are releasing the terrorist toxins and tensions of a whole history. These security challenges demand a coherent policy response.

The public mood is unsettled and unsettling. State by state none faces these challenges alone. None can solve them alone. Mutual problems will not yield to mutual suspicion, or even less to demutualised solutions. These are the lessons of modern European history. In this age of uncertainty, impatience and populism it is not just our state of affairs but also our state of mind, of spirit and of determination that is being tested.

The EU needs to work harder to get better results. The gap between policy aspirations and policy delivery has started to become a credibility gap. What the EU most needs now is not more Europe but a more effective Europe. The debate should be less about what the EU is and more about what it does, what it delivers. Policy instruments and policy means, budgetary and otherwise, should occupy political centre stage more than traditional introspective EU debates about institutions. This is not mission impossible. It can be done. It should be done.

Europe's leaders need to demonstrate a collective understanding that effective EU policy delivery requires as a counterpart an effective level of resources. The increasingly evident costs of a UK exit from the EU hint at the catastrophe that would be unleashed by a wider collapse of the EU itself. Success will cost. Failure would cost much more. It is high time for the member states of the EU to take stock and to bring such considerations into the reckoning.

## VIII. Conclusion

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It was Patrick Hillery who once described the EEC as an institution based on ideals but not an ideal institution. As observed above the EU is far from ideal but it is much better than the base and cynical caricature painted by many of its political and media critics.

The contention oft repeated that the European Commission makes EU law, unelected and unaccountable, is simply wrong. The Commission can propose and draft laws but cannot make law. Only elected politicians, MEPs in the case of the European Parliament together with elected member state ministers in the case of the Council of Ministers, can make EU law. Only the elected are empowered to legislate.

A second contention is of a large wasteful faceless bureaucracy. The European Commission has less staff than many large city and regional bureaucracies in member states. One third of them are assigned to translation and interpretation, necessary for the smooth functioning of the institutions. In recent years I have had the privilege to work intensively on EU transport policy and can personally attest to the highest qualities of public service commitment and integrity among those I have worked with. Moreover, as a MEP I found that EU public servants operated in a much more open public service culture than the traditional Irish model inherited from the UK.

As regards EU member states, it is hard to avoid the conclusion in recent years that in the search for the common interest there are too many full time takers but part time givers; that some constantly privilege a Europe of value added over a Europe of values; that there is one European Council but 28, soon to be 27 different meetings, with each leader addressing their national media afterwards with national spin but no shared EU message. In communication terms this is an invitation to scepticism that starts with mixed messages and is set by the tone at the top.

On a more general note, I deplore the increased coarseness of much current political discourse, encouraged and aided by the anonymity of social media but not confined to those media. Too often prejudice and ignorance trump analysis and evidence in setting the terms of our public debate.

Language matters, words count. Language can dehumanise. Remember the language of so-called legitimate targets, where the subjects of terrorist attacks were reduced to mere objects, somehow less than their full humanity. It is now very much in vogue for some democratically elected politicians of a certain view to describe their opponents, other democratically elected politicians, of a different view, as the political elite. This term is designed to create a false distance between citizens and some of their elected representatives by fostering the illusion that others, the non-elite, are the only truly representative democrats. We should avoid partitioning our democracy into false them and us dialectics. This is not least the case when one observes the likes of Boris Johnson, Michael Gove and Nigel Farage in the UK or Donald Trump in the USA purporting to be the champions of the marginalised and dispossessed.

Last but not least something has happened at the end of June 2016, that I have never seen before. Millions of Britons have signed a petition demanding another referendum and tens of thousands of them, mostly young, have taken to the streets to protest in favour of the EU. Such a mobilisation of consciousness for Europe has never before been seen in the UK. Whether it is too little too late or the beginning of something new is too soon to call but truly to survive and prosper, Europe needs her Europeans.

For my part, I hope that the confluence of dreams and the thought that one river can be born of many streams will sustain a values based, evidence led, results oriented EU into the future. I fear the nihilism; scepticism and populism so evident in politics today could result in an unpalatable alternative, the confluence of nightmares.

The Foundation was created in 1978 by Jean Monnet himself, one of the founding fathers of the European Communities, who donated to it the entirety of his archives. As an independent institution serving the general public interest, a non-partisan and non-militant structure, it enjoys the support of the State of Vaud, the Swiss Confederation and the City of Lausanne. It operates out of the Dorigny Farm, at the heart of the campus of the University of Lausanne, which is its main partner.

Many additional archive collections are preserved here and put to good use, in particular those of Robert Marjolin and the European papers of Robert Schuman, as well as iconographic and audio-visual documents. It accommodates a specialized library and a European Documentation Centre. In-depth accounts from active participants and witnesses constitute an ever-growing compilation of filmed interviews. In all, this comprises an impressive body of resource material, on the origins and development of European construction and on Swiss-European relations, which is made available to the public and is especially fruitful for researchers. Each year, the Foundation awards the Henri Rieben scholarship to several advanced doctoral candidates.

Benefiting from the prestige of this heritage and of the collaboration between Jean Monnet and Professor Henri Rieben, Foundation President until 2005, the Foundation has become an indispensable venue for meetings, debates and reflection on the major issues confronting Europe today. Regular conferences, European Dialogues and international symposia are organized, building partnerships with renowned institutions. The Foundation bestows its Gold Medal on leading political figures for their work on behalf of the common interest of Europeans. The Foundation also welcomes numerous visitors and scholars, assisting in their research, and contributes to the training and education of students.

An editorial mission completes the scope of the Foundation's activities, in the form of the Red Books collection, created by Henri Rieben in 1957 and co-edited with *Economica* since 2007, which has published 215 issues to date. In 2014 a new series called the Debates and Documents Collection was launched. These publications serve to highlight the documentary heritage of the Foundation, its public events and the expertise of its members and partners.

The Foundation Council, comprising some 500 members from all domains, meets once a year, as does the Scientific Committee. Pat Cox, former President of the European Parliament and of the European Movement International, has presided over the Foundation and its Executive Council since January 1st, 2015. His predecessors are José Maria Gil-Robles (2009-2014), former President of the European Parliament and of the European Movement International, Bronislaw Geremek (2006-2008), Member of the European Parliament and former Polish Foreign Affairs Minister; and Henri Rieben (1978-2005), Professor at the University of Lausanne. As of 2012, the institution has been under the direction of Gilles Grin, Doctor in International Relations and lecturer at the University of Lausanne.

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### Publications already published

Ferry, Jean-Marc: *Les voies de la relance européenne*, numéro 1, avril 2014, 51 pp.

Grin, Gilles: *Méthode communautaire et fédéralisme: le legs de Jean Monnet à travers ses archives*, numéro 2, septembre 2014, 27 pp.

Cox, Pat: *De la crise économique à une crise politique dans l'Union européenne?*, numéro 3, septembre 2015, 59 pp.

Cox, Pat: *From Economic Crisis to Political Crisis in the European Union?*, issue 3, September 2015, 55 pp.

Gil-Robles, José Maria: *L'investiture de la Commission européenne: vers un gouvernement parlementaire pour l'Union européenne*, numéro 4, décembre 2015, 43 pp.

Dehousse, Renaud: *Quelle union politique en Europe? Entretien réalisé par Hervé Bribosia*, numéro 5, mai 2016, 51 pp.





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The United Kingdom's vote to leave the European Union on 23rd June 2016 represents a seminal event opening an age of uncertainty for the UK and the whole of Europe. The author analyses the antecedents of the British referendum, the internal political situation of this country and the risk of dislocation. He also delivers a sharp evaluation of its economic, legal and political implications. But there is also the hope that this watershed moment could represent a wake-up call for Europe, who has to rethink herself and needs her Europeans.

*Pat Cox is the President of the Jean Monnet Foundation for Europe and former President of the European Parliament. The analysis he puts forward was highlighted in his closing conference of 2nd July 2016 as Honorary Director of Merriman Summer School in Ireland*

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