

After Brexit, What Should the European Union Do?

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The first statements issued by officials of the European institutions and national governments after the British referendum, beyond their surprise for the result, were expressing the need to react quickly and relaunch the European project. Some European political leaders have suggested a delay of six months for the European Union to take concrete measures to "improve its image" in the eyes of the European citizens and be able to counteract the disaffection towards the European project and the rise of Euro-skepticism and populism. But the European Council meeting in late June has not confirmed the hopes of an immediate wake-up call of the EU, since the Heads of State, while seeking a rapid application by the British Government of the provisions of Art. 50 TEU for initiating the withdrawal procedure, have given themselves appointment on September 16 in Bratislava for their next meeting. Meanwhile, the main British political leaders have many times stated that there is no need to hasten to notify the United Kingdom's political will to withdraw from the EU, a notification necessary to engage in the negotiations under Art. 50 TEU to conclude the withdrawal agreement (which could include also defining new relations between the EU and the UK).

Meanwhile, the lack of a plan devised by the supporters of Brexit to manage the consequences of the withdrawal, the mass protests organized by the supporters of "remain", the signature of a petition in favor of "remain" and the discovery of the negative consequences of Brexit (including the potential risks of a dissolution of the Kingdom) have led some observers to question the inevitability of withdrawal.

It is true that the referendum of June 23 was advisory and not binding, and that it is up to the British Parliament, where there is a majority of supporters of the "remain", to decide on the final ruling on the application of Article 50 TEU, but it seems difficult for the British government to ignore the will of a (narrow) majority of citizens who voted for Brexit, and/or organize a second referendum to get a different result. It is true that the Danish and Irish peoples were asked to vote a second time to reverse the negative result of a first referendum on the ratification of European treaties, but in those cases the countries had obtained additional concessions by the Heads of State and Government of the other countries, that made the organization of a second referendum possible.

In the British case, the agreement reached on February 19 in the European Council expressly excluded new negotiations with the United Kingdom in case of a negative result of the referendum. Therefore, that agreement has become invalid and it seems impossible to me that the Heads of State and Government of the 27 countries reverse their decision without losing their credibility. In addition, assuming the unlikely event that the British Parliament will overthrow the result of the referendum, what would be the reaction of the populists and Eurosceptics of all countries? They would protest against a breach of democracy and call for further referenda in several Member States, with the risk of a paralysis of the European project.

Of course, many analysts of European integration rightly believe that the referendum is not a suitable instrument to express opinions over complex issues such as the ratification of an international treaty, or over a country's exit from or permanence within the European Union. It is not by chance that in some EU countries (such as Germany, Italy and Belgium) it is prohibited by

the Constitution to hold referenda on international Treaties. Indeed, while citizens can give an informed opinion on relatively simple choices regarding their own society (such as abortion and civil unions), they do not have all the necessary tools to verify the claims asserted by political leaders in a referendum campaign.

Just remember in this respect that at the 2005 French referendum on the ratification of the Constitutional Treaty, the supporters of NO had affirmed peremptorily that the rejection of the Treaty would have prevented the adoption of the so called "Bolkestein directive" on the free delivery of services (in fact the directive in question was regularly adopted one year later, because it was based on the provisions of the Treaties in force and not on the Constitutional Treaty). Similarly, the supporters of Brexit made statements during the campaign on the financial consequences of the UK's exit from the EU which they acknowledged as false after the vote. On the other hand, the defenders of "Remain" did not (or did not want to) explain to the citizens the risks for the UK of having to accept the free movement of people in any case, in exchange for their continued free access to the single market (whilst the agreement of February 19 would have enabled the United Kingdom to at least suspend the benefits of the British welfare-system to community migrants for a period of seven years). Anyway, the British political leaders have not told to their citizens that the UK shall continue to contribute financially to the EU budget for maintaining its access to the single market (as Norway does) without any "rebate" on its financial contribution, whilst the UK has been enjoying such a "rebate" for over 30 years on the basis of the current EU rules.

The above is probably why the British government dithers about the application of Art. 50 TEU on withdrawal, namely, to first obtain assurances from the other governments on the conditions of its exit from the EU (assurance that the other governments, however, do not seem willing to give). In this situation of uncertainty about both the British withdrawal and the future of the European project, what should the Union's institutions and the governments of the 27 EU member countries do?

The advocates of the notion that the presence of the UK in the EU offered an excuse to other governments for not progressing towards political integration, logically believe that the way would now be open for a substantial reform of the Treaties and the immediate relaunch of an ambitious European project. In contrast, those who believe that the barrier to political integration was coming from both the UK and other governments (including France and Germany) are more cautious about an immediate awakening of the EU towards the goal of its political union.

Personally, I agree with the second group of supporters of the European project. Immediate reform (in the next two years) of the Treaties does not seem feasible to me for the following reasons:

- 1) The negotiations with the United Kingdom on the withdrawal agreement and future relations with the EU will be very complex and will take at least the two years provided for by Article 50 TEU, if not more; carrying out at the same time negotiations, which will also be complicated, on the reform of the Treaties seems to me very difficult, if not impossible;

- 2) The revision of the Treaties should necessarily include a substantial strengthening of the governance of the euro area; this strengthening, which was already planned in the presence of the UK and remains necessary in any case, may now appear to penalize the so-called "pre-ins" countries, that do not have a single currency yet but would like to join in the coming years. Therefore, a premature strengthening of the euro zone could paradoxically encourage a domino

effect for some non-euro countries;

3) A premature revision of the Treaties may be rejected in some referendum because of the disaffection of the citizens towards a European project based too much on austerity policies and too little on growth and the fight against unemployment. The European Union must prove to its citizens to be able to give effective answers to the different crises (economic, social, migration, security) before enjoying once again a sufficient popular support. Therefore, the EU should take immediate action in the above areas to demonstrate to its citizens that it can be the solution to, and not the cause of, their problems. Moreover, a premature reform of the Treaties could lead some governments approaching national elections to demand the introduction of new obligations or constraints considered in the interest of their constituents, but which could be unacceptable to the citizens of other Member States.

This article is not the place for a detailed analysis of the measures the EU should take in the short term to "improve its image" and win back the support of European citizens. However, an initial analysis leads to the conclusion that such measures should concern the areas most neglected by European integration, namely the social one, and growth and employment, especially for young generations. Therefore, the Union's institutions and national governments should develop, in the short term, a package of "social" measures to bring the citizens closer to the EU and show the spirit of solidarity between Member States to be an essential means to restore confidence in the European project. Such a package of measures could include:

- a) A substantial European plan for growth and employment (New Deal for Europe) with sufficient resources to stimulate public investments, on the model already put in place by the United States, that allowed them to get out quickly from the economic and social crisis. Pending the creation of new own resources for the EU budget (a European tax on companies, a tax on financial transactions or a carbon tax), it would be necessary to put in place an immediate doubling of the European Fund for Strategic Investments, and especially to orient its focus not on private investments, that would be made anyway even in the absence of the Juncker Plan, but on the production of European public goods, creators of new jobs;
- b) The adoption of a European system, or insurance-fund, against unemployment - especially youth unemployment - on the basis of Art. 175 TFEU concerning the social and economic cohesion of the disadvantaged regions of the Union, or on the basis of Article 136 TFEU for the countries of the Euro zone. As a European insurance fund against unemployment should be fed by national contributions, pending European own resources (see above), it would be necessary that national contributions to the Fund be excluded from the calculation of the annual deficit at 3% of GDP. As an alternative to a European insurance fund against unemployment, we could establish a Solidarity Fund (or Redemption Fund) already outlined in the communication of the European Commission called "Blueprint", dated November 2012;
- c) The continuation of the action called "Youth Guarantee," which was limited to the years 2014 and 2015, for the next three years, with new resources resulting from the revision of the multi-annual financial framework 2014-2020, which is expected to take place this autumn. It would also be necessary to increase the funding of the Erasmus program for the next three years and let all the European students benefit from it, including the British students.

The adoption by the EU institutions of a package of "social" measures as outlined above would

strengthen the sense of solidarity and belonging of the citizens of the Union towards the European project, and would help in due course to deal with the Treaty reform process with better chances of success. The national governments more reluctant to use new resources to fund the social measures package could hardly oppose the adoption of these new measures without taking the political responsibility to contribute to the disintegration of the European project. As to the political responsibility of the European Commission to submit the appropriate proposals to that end, it should be recalled that the Commission proposed and pushed through the Galileo program, which had initially been opposed by four Member States – and not the less important - such as Germany, the UK, the Netherlands and Denmark (which represented at the time a blocking minority). But the determined action of the Commission, with the support of the EP, succeeded in having the program adopted. It would be necessary therefore that the Commission resolutely resumes its role as the promoter of the European general interest.