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THE EU AFTER BREXIT

Institutional and Policy Implications

Francis B Jacobs

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Palgrave Studies in European Union Politics
ISBN 978-3-319-77278-3 ISBN 978-3-319-77279-0 (eBook)
https://doi.org/10.1007/978-3-319-77279-0

Library of Congress Control Number: 2018936595

Cover illustration: © nemesis2207/Fotolia.co.uk

Printed on acid-free paper

This Palgrave Pivot imprint is published by the registered company Springer International Publishing AG part of Springer Nature
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

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CHAPTER 1

Introduction

Abstract This book examines Brexit, the first occasion on which a Member State has declared its intention to leave the European Union (EU). More specifically it examines Brexit from the viewpoint of, and the consequences for, the remaining 27 Member States. This chapter outlines the book's scope, which includes examinations of whether the EU is likely to get stronger or weaker as a consequence of Brexit, attitudes in the EU 27 towards Brexit and the future of the EU, key aspects of the UK's legacy for the EU, and the potential impacts of Brexit on the EU's institutions, working methods and policy priorities.

Keywords Future of the European Union · Future EU–UK relations Impacts of Brexit

25 March 2017 saw the 60th Anniversary of the Treaty of Rome. It was doubly symbolic as it saw the adoption of a new Rome Declaration on the way forward for the European Union (EU) but also because the commemorative gathering of EU leaders only included 27 Member States and not the United Kingdom (UK), which had voted to leave the EU in its referendum of June 2016. The future of the EU had already become more uncertain than ever before as a result of the successive economic and migration crises and the rise of nationalistic and Eurosceptic populism in many EU countries. The prospective departure, however, of one of the largest Member States posed the biggest challenge of all,

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_1

and this became more tangible on 29 March 2017, only 4 days after the Rome Anniversary, with the formal tabling by the UK of its Article 50 notification, which gave its formal notice to leave the EU.

The negotiations that are now taking place between the UK and the remaining 27 EU Member States have three main components. The first is the actual Article 50 withdrawal agreement that the treaty specifies should be concluded by March 2019, but could take longer to negotiate if there is unanimous agreement on such an extension among the EU 27. The second is a longer term framework agreement between the UK and the EU that cannot be formally concluded until after the UK has left and that could take much longer to negotiate. Finally some transitional arrangements are almost certain to be necessary.

In December 2017, there was a joint EU–UK report[1] on the three key issues in the first phase of discussions that then led the European Council of 15 December 2017 to declare that sufficient progress had been made for negotiators to proceed to negotiations on the second and third phases. Nothing, however, will be finally agreed until everything is agreed and the outcome on each of these three elements is still highly uncertain. It is even possible, if unlikely, either that talks might collapse and that the UK will leave the EU in 2019 without a formal agreement, or else that the Article 50 notification might yet be revoked (the legal possibilities for which are about to be tested in the courts).

The full consequences of an eventual Brexit will depend on the terms of any final settlement, whether any new arrangements are relatively close to or much further away from the status quo, and how long it will take to negotiate and to phase-in such new arrangements. Whichever option is chosen, however, the implications for the remaining EU member states and on the nature, institutions, culture and future policies of the EU as a whole are likely to be profound. Although the questions raised are inevitably speculative, the main objective of this book is to examine the range of Brexit's potential impacts on the remaining Member States (henceforth EU 27), and how it might help to shape the very future of the Union.

The question can also be framed in a different way. What was it that drove the UK to vote to leave the EU, what lessons can be learnt from this experience by the other Member States, and how might they best

[1] Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union.

respond? It has been put in a brutal way by Laurent Wauquiez, elected as leader of the French right-of-centre party, "Les Républicains" in late 2017: *"Everyone is pretending to say, 'OK, Britain is out, that's perfect,' without there being any sort of reflection to say: 'Can we propose an overhaul of the EU that would take into account what they've expressed?" …"There will be an after, we'll need to keep talking, and maybe find a way that would allow them to rejoin, but differently".*[2]

Others, including his political rival, President Macron, have very different visions. For many of them, Brexit can also be seen in a more positive way and as a real opportunity for Europe[3] Whichever view prevails, Brexit is not just a challenge in itself but does pose the question of what kind of EU there should be in the future.

Chapter 2 examines this initial question of whether the EU will become stronger or weaker or even disintegrate as a result of Brexit. These contradictory futures for the EU were mooted in the course of the UK referendum campaign, and are becoming increasingly examined by academic theorists, who are starting to be as interested in the idea of disintegration as of integration.

Chapter 3 reviews the wider context of options on the future of the EU by examining attitudes within the 27 Member States (both of their governments and of public opinion) to the implications of the Brexit referendum. These are examined both in terms of their views on the future of the EU as a whole and also for their country's place within it, including the fears of Brexit contagion in certain countries where Eurosceptic views are strongest. This chapter concludes that the EU is stronger both economically and in terms of public support than at the time of the referendum and that EU unity among the remaining Member States has been better maintained than many had believed to be possible. On the other hand, this EU unity is still to be fully tested and the EU is still quite fragile and Euroscepticism is still strong. There seems little ambition for much deeper European integration, although the supporters of such a development do have a strong new advocate in Emmanuel Macron.

Chapter 4 then goes on to examine the immediate response of the EU institutions to the challenges facing the EU in the light of Brexit,

[2] Cited in profile of him in Politico of 23 November 2017.

[3] For example in Fontaine, N. and Poulet-Mathis, F. (2016). "Brexit; Une Chance. Repenser l'Europe".

including their closing of ranks in defence of the EU. It only briefly touches on their guidelines for the Brexit negotiations, concentrating instead on their initial views on where the EU should be heading. These are still very general in nature in the case of the European Council, and somewhat more specific in the case of the European Parliament. The most detailed views, although still framed in terms of broad brush options, are those expressed by the European Commission, in the White Paper on the Future of the EU,[4] the subsequent Reflection Paperson different policy areas and in Commission President Juncker's 2017 State of the Union speech.[5]

Chapter 5 reviews the potential impacts of Brexit on EU institutional structures, notably on the voting rules in the Council and on the composition and political balances within the European Parliament, and, even more fundamentally, on changing balances of power within an EU of 27 Member States. Will Germany become even more dominant, will the Franco-German alliance be rekindled, what will be the position of Italy, Spain and Poland? What will happen to the influence of the smaller and medium-sized EU countries and what new alliances might be forged?

Chapter 6 looks at the cultural impacts of Brexit. It examines the possible impacts of Brexit on the EU's future language regime, and, in particular, the future role of the English language when the percentage of EU citizens speaking it as their first language will have been so greatly reduced. It also looks at some of the potential impacts on the ways of doing business within the EU.

Chapter 7 reviews a range of issues relating to the UK and Europe, beginning with a look at the cost of "non-UK" for the EU. The departure of the UK will lead to an obvious decline in the size and economic weight of the EU, but will have a disproportionate impact in certain sectors, notably financial services, military and security capacity, as well as the scientific and academic world. In an even wider sense, however, was De Gaulle right and was the UK a permanently awkward partner and even a brake on the EU' s development, or did it play a more complex and often constructive role? Where was it particularly influential, and what policies and practices might change as a result of its absence? The chapter concludes with a brief look at the role of UK actors during the

[4]Commission White Paper on the Future of Europe—Reflections and Scenarios for the EU 27 by 2025 (of 1 March 2017).

[5]Delivered at the European Parliament in Strasbourg on 13 September 2017.

Brexit process, as well as the nature of links between the UK and the EU in the future. A post-Brexit EU will have major impacts on a UK which is outside the bloc, but which will continue to be influenced by the EU in so many ways. In its turn, the UK will continue to have some, if inevitably lesser, influence on the EU.

The UK will retain ties with the EU in many specific fields, not least in those areas and policies where it might seek a continuing involvement, such as Europol and other EU agencies and the European standards bodies. It will also be a member of other Europe-wide organisations, notably the Council of Europe, but perhaps also the European Free Trade Area (EFTA) and the European Economic Area (EEA). It will presumably continue its involvement in those European political parties and foundations which are pan-European in nature. Might these become even more important for the UK when it is no longer a direct member of the European Parliament and of the other EU institutions?

Chapter 8 reviews the potential impacts of Brexit on specific EU policy objectives, returning to the initial question that was posed, but looking at it from a different perspective. Might it lead to greater integration or to a more cautious approach as to what the EU should or should not be doing? Might it lead to a more open or a more closed Europe? What will happen to intra-EU trade and to third-party trade agreements? What might the impacts be for European economic and fiscal policy, the size of the EU budget and the nature of EU own resources, EU social policy and the concept of EU solidarity, and European foreign policy and security cooperation? Will issues of EU democratic accountability be addressed with more urgency, and might there be further EU Treaty reform, with the political risks that this might entail in a number of EU countries? What will happen to the process of further EU enlargement? In a nutshell, will the EU be any different in nature after a UK departure, or will it merely be a downsized and only slightly modified version of what already exists?

The book concludes in Chapter 9 with a look at some of the key challenges facing the EU.

CHAPTER 2

Will the EU Become Stronger or Weaker or Even Disintegrate as a Result of Brexit?

Abstract This chapter poses the fundamental question of whether the European Union (EU) is likely to be strengthened by the departure of its most awkward member, or else be greatly weakened and potentially even collapse. To answer this question, the chapter first reviews the ways in which the EU has developed in the past, and argues that the ensuing "sui generis" structure, with its mix of supranationalism and inter-governmentalism, has never been properly understood within the UK. The chapter concludes that a weakening of the EU is more plausible than a major new advance in EU integration but that neither a federal Europe nor the collapse of the EU look very likely at present. An updated narrative for the EU will, however, be required.

Keywords Uneven EU development · EU terminology and symbolsim UK views of EU · EU as superstate · EU disintegration · EU holding together

Brexit is probably the biggest challenge yet faced by the European Union (EU), the first real occasion on which it will shrink in both size and economic importance and that poses a challenge to its continuing forward movement. The EU has, of course, never seen linear progression but, until now, it has never taken a major step backwards.

The history of the EU so far has seen periods of optimism and concrete achievement alternating with periods of stagnation and doubt. Moreover, the progress that has been made has been the

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_2

result of compromise between those advocating much deeper EU integration and those prepared to take more cautious and pragmatic steps.

This has even been true of EU terminology whereby the adoption of phrases such as "ever closer Union" and the negotiation of a draft "EU Constitution" paid tribute to federalist dreams and ambitions, whereas the reality was generally more prosaic. The symbolism has probably been helpful in certain countries but the contrast between it and actual practice has undermined the Union in others.

A good example of an attachment to EU symbolism that is explicitly embraced by many member states and not by others is Declaration 52 to the Lisbon Treaty, which seeks to revive these elements from the defeated Draft Constitution:

> Belgium, Bulgaria, Germany, Greece, Spain, Italy, Cyprus, Lithuania, Luxemburg, Hungary, Malta, Austria, Portugal, Romania, Slovenia and the Slovak Republic declare that the flag with a circle of twelve golden stars on a blue background, the anthem based on the 'Ode to Joy' from the Ninth Symphony by Ludwig van Beethoven, the motto 'United in diversity', the euro as the currency of the European Union and Europe Day on 9 May will for them continue as symbols to express the sense of community of the people in the European Union and their allegiance to it.

The 11 non-signatories are significant, and many of these, notably the UK, would interpret this declaration as support for a federal Europe. Prime Minister Mark Rutte of the Netherlands, another non-signatory country, has recently explicitly rejected "a politics based on symbolism". Many of the signatories, however, remain very attached to national sovereignty, and would, indeed, reject a federal future for the EU.

A different example is that criticised by Guy Verhofstadt in his recent book "Europe's Last Chance",[1] namely what he describes as a "politics of announcements", and an EU tendency to declare grand goals such as an energy union or a plan "to make Europe the most-advanced knowledge-based economy in the world". These give the impression of big steps forward which are reinforced by the setting of timetables, but later may help to undermine the credibility of the Union when they are not achieved or only very partially.

[1]Verhofstadt, G. (January 2017). "Europe's Last Chance. Why the European States Must Form a More Perfect Union". New York, Basic Books (Hachette).

The development of the European project has been further complicated by "choices" between "deepening" and "widening" and also by what has sometimes been described by the unattractive term of "variable geometry" or more frequently "enhanced cooperation", whereby some countries are prepared to go further in some areas of integration than others.

The result of all this has been a series of "ad hoc" steps forward, only partially codified by the draft Constitution and then by the Lisbon Treaty, which has led to a particularly complex and "sui generis" system of multilevel EU governance with a mix of supranationalism and inter-governmentalism, and with grand gestures and announcements followed-up by caution and pragmatism.

All this has never been properly understood within the UK. In practice, as we shall see below, the UK has had a major influence on the development of the EU, but this has not been properly acknowledged within the UK, with its distorted internal debate, its unforgiving media, its failure to understand the complexities and advantages of multilevel governance (reinforced by the lack of a written constitutional framework for its own uneven process of devolution), its general dislike of grand gestures and of symbolism (although the recently announced return to the blue rather than Burgundy British passport is just that), as well as its simplistic view of the meaning of sovereignty, and its opting-out from some of the flagship EU achievements, such as the Euro and Schengen.

These attitudes had a major impact on the UK's exercise of its EU membership, even when the UK was being led by the pro-European Prime Minster, Tony Blair. Far from being attenuated over time as the UK came to terms with its membership, the attitudes were, if anything, exacerbated in recent years, as eloquently described by Sir Ivan Rogers, the former UK Permanent Representative to the EU, in a speech at Hertford College on 24 November 2017 on the run-up to Brexit under David Cameron.[2] In this speech Rogers noted Cameron's failure to grasp the value of EU networking (as shown in his decision to take the Conservatives out of the EPP), his determination that the UK opt out of the concept of "Ever Closer Union" and forge a different relationship

[2] Rogers, Sir I. (Former UK Permanent Representative to the European Union) (24 November 2017). "The Inside Story of How David Cameron Drove the UK to Brexit". Lecture at Hertford College, Oxford, as part of a Prospect/Hertford Series.

between the Euro-ins and Euro-outs, the effective blockage on further EU institutional development that was embodied in the referendum commitment in the UK's 2011 EU Act, and his humiliation and anger at being outflanked and isolated at the European Council of December 2011.

All this was later reflected in the Brexit referendum campaign, and turned out to be more important than the concessions that had been obtained by Cameron from the other European leaders. The years of media criticism of the EU and the lack of a deep UK government engagement with the reality of the EU could not be pushed aside in the course of a short and often misleading campaign which lacked a wider discussion of fundamental principles and values.

Seen from outside the UK, there often seemed to be two incompatible points of view put forward in the campaign:

Europe Was Moving Towards a Superstate, and the EU Could, and Would, Get on with Achieving This Objective Once the UK Had Left

According to this argument, the EU was indeed moving towards ever closer union, with federalist steps such as the adoption of the Euro, the elimination of internal boundaries and such aspirations as a European Army. All of this would inevitably lead to a European superstate of which the UK should be no part. This has long been part of the narrative of those, especially in the UK Conservative Party, who have seized on every symbolic EU measure, such as adoption of the very name "European Union", to argue that the UK should pull out of such a project.

In practice, of course, and far from moving towards a superstate, majority opinion within the EU does not even seem tempted by the softer image of a more federal Europe. Federalists are less numerous and vocal than when this author started working in the European Parliament (EP) in 1979. The EU widening process that has been advocated so forcefully by the UK has led to a more heterogeneous Union, whilst Eurosceptic views have intensified in many EU countries. The attitude of member states governments and of their citizens on these various points are examined in more detail below.

Those Who Argued That British Exit Could Lead to a Wider Collapse of the EU and a Return to National Sovereignty

This argument was put forward within the campaign, both by Brexiteers[3] within the Conservative Party and by UKIP. It was advanced partly in reflection of wishful thinking, but also in response to the various crises that have beset the EU in recent years, especially the economic crisis and the sharp disagreements within and between EU countries as to how to handle the migration crisis. It still has many advocates within the UK. "*The house believes the decline and fall of the European Union is upon us.*"[4]

This possibility of disintegration has also begun to attract the attention of EU academic commentators, for whom theories of European disintegration at least need to be contemplated. Hans Vollaard and Ben Rosamond, for example, have mooted this on a number of occasions (*e.g.* Rosamond in his commentary of 10 October 2016 on "Brexit and the problem of European disintegration".[5] Rosamond also cites Jan Zielonka, whose work "Is the EU Doomed?" states that "*the problem is that EU experts have written a lot about the rise of the EU, but virtually nothing about its possible downfall*)".[6]

This second scenario has (unfortunately) been more credible than the first one. The EU has indeed gone through a very difficult period, first with the economic crisis and then with the problems over migration. The strength of nationalists and Eurosceptics have been reinforced by these crises, and then by the Brexit referendum (and the election of Trump) and there has been a risk in a number of countries of new referendums on the Euro or even on their own continued membership, The Italian National Reflection Group's paper on Italy for the New Pact for Europe, for example, "*expressed great concern about the risk of a disintegration of the EU*".[7]

[3] Should the correct term be "Brexiteers", which has a more buccaneering quality, or the more sober "Brexiters"?

[4] The title of an Oxford Union debate of 23 November 2017.

[5] Rosamond, B. (2016). "Brexit and the Problem of European Disintegration". *Journal of Contemporary European Research*, vol. 12, no. 4, Dec. 2016. ISSN 1815-347X.

[6] Zielonka, J. (2014). "Is the EU Doomed?" Hoboken, NJ. Wiley.

[7] New Pact for Europe. National Report. Italy (July 2017), in conjunction with IAI (Istituto Affari Internazionali).

As we shall see, there does not currently seem to be a majority for this among public opinion in any one EU member state, and it is emphatically not the official position of the current British government, with Theresa May's letter triggering Article 50 going out of its way to state that the UK referendum was not "*an attempt to do harm to the European Union or any of the remaining member states*" and that, "*on the contrary the UK wants the European Union to succeed and prosper*".[8]

The risks for the EU still, however, remain Although the most nationalistic and Eurosceptic parties and candidates have not fared as well as was feared in recent elections in such countries as Austria, the Netherlands and France, they are still significant political forces in all these countries, as well as in Germany and the Nordic countries. Populist and Eurosceptic parties did very well in the election in March 2018 in the traditionally pro-European Italy. Poland and Hungary are currently ruled by nationalist leaders who are posing a significant challenge to the defence of European values.

The initial reaction to the Brexit referendum has been for the EU to become more united, not around a particular vision of the EU's future but around the more limited objective of sticking together in the Brexit negotiations and in defending the value of the EU in the most general terms. The risk of copycat referendums in other EU countries has certainly receded. Some Eurosceptic parties in certain countries had indicated that they might reconsider their position on this issue depending on the outcome of the Brexit negotiations, but less has been heard of this in recent months.

At present neither a federal Europe nor the collapse of the EU look very likely. The jury is still out, however, as to whether British exit and Trump's apparent attitude to the EU will lead to renewed determination for the EU not only to survive and not go back to narrow nationalism, but also to develop a new narrative for the EU. For another risk for the EU is less the prospect of disintegration than of stagnation, of caution and lack of vision. It is vital, therefore, that the EU, has a clearer and more open debate about its future purpose and objectives.

But what should the EU be doing or not doing, and what are the main options? Before looking at this it is worth first looking at the different points of view within the 27 member states.

[8] British Prime Minister's letter to European Council President Donald Tusk, 29 March 2017.

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CHAPTER 3

Attitudes Within the 27 Member States on the Future of the EU in the Light of Brexit

Abstract This chapter examines the attitudes of the 27 member states to the prospective UK departure from the European Union (EU) and to the future of the EU, both in terms of the perspective of their governments and of their public opinion. It looks at the risks of the rise or reinforcement of home-grown populists or even of copycat referendums. It also asks whether other member states will seek to slow down or accelerate the process of European integration, or else to buttress the status quo. Finally, it considers some other sensitive issues, such as the balance between representative democracy and the use of referendums on EU matters and the interrelationships between the Brexit process and other challenges to the EU such as those posed by illiberalism in Hungary and Poland.

Keywords EU governments attitudes to Brexit · EU public opinion and Brexit · Brexit contagion · Specific concerns of EU citizens Referendums on the EU · Future of the EU

The Views Within EU Member States Towards the Prospect of Brexit

The prospective UK departure from the European Union (EU) is regretted by the governments of most member states, for a variety of different reasons—many of which are often linked to aspects of the UK's legacy that were discussed above.

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_3

All 27 member states are concerned that the EU will lose a major economic actor, important connections with the wider world and will also be a less important actor in the fields of defence and of global security. In terms of internal EU trade, all of them will lose an important trading partner, although some of them, most obviously Ireland but also countries, such as the Netherlands, Belgium or Denmark are far more exposed to the UK market than are others that are further away, such as Bulgaria, or that have reduced their exposure, such as Finland.

A number of them, such as Ireland, the Netherlands and the Nordic countries, also share similar policy interests and overall approach to the economy to the UK, such as a preference for a liberal and free trade rather than a more protectionist approach, and wariness or outright hostility to the prospect of tax harmonisation or even approximation.

A majority of EU countries have a preference for a pragmatic and step-by-step approach to future EU development, and feel that they have lost an important ally for this approach.

Many of them also feel the loss of the UK counterweight to dominance of the EU by the French and Germans or just by Germany.

A number of them have also feared that Brexit would stoke up domestic arguments and encourage their own nationalists and Eurosceptics to call for new referenda, etc.

If this has been the reaction of many EU governments, what about broader public opinion within these countries? Research from the Pew Research Center in 10 EU countries just before the Brexit referendum, including in all the larger ones ("*Euroskepticism beyond Brexit*")[1] indicated that only 16% of those surveyed in the 10 countries felt that it would be a good thing if the UK left, compared to 70% who felt that it would be bad. This latter figure included 89% of Swedes, 75% of Dutch and 74% of Germans. The argument that the UK had always been an awkward partner and good riddance may have existed in countries such as France or Belgium, but was a minority view everywhere.

The numbers feeling that Brexit was a bad development were indeed lower in France (62%) and in Italy (57%). France has been one of the most Eurocritical countries (according to the Pew research only 38% of those surveyed in France were favourable to the EU, lower than the 44% figure in the UK) and was also the EU country containing the highest

[1] Pew Research Centre, Global Attitudes and Trends. (June 2016). "Euroscepticism Beyond Brexit".

percentage of those unconcerned about Brexit: 32% of survey respondents, believing that it might be a good idea for the UK to leave. Were these federalists, Gaullists or simply people who were critical of the UK, or were they expressing sympathy for fellow Eurosceptics in the UK? It is important to point out that whichever the reasons for such a view in France or in Italy, even in these two countries a clear majority of those polled still felt that Brexit was a bad development.

Other research by IFOP for the Jean Jaures Foundation and the FEPS in France, carried out in July 2016 after the UK referendum,[2] showed that there were very varying views in EU countries on the consequences of Brexit, such as whether Brexit was serious for the EU (54% of Poles down to only 25% of Germans and 13% of French people surveyed), whether the EU would end up being strengthened by the crisis (54% of Germans and 47% of Spaniards but only 37% of the French and 36% of the Italians), and whether other countries might now leave the EU (a possible scenario for 27% of Germans but up to 41% of Italians).

The IFOP survey for the Jean Jaures Foundation and the FEPS went on to ask whether the respondents supported a referendum in their own country (France and Italy 54% no, Germans 59% no, Spanish, Belgians and Poles between 65 and 67% no) and, if so, how would they vote (if there was such a referendum, would you vote to leave the EU? Italy 52-no; 31-yes; 17-didn't know, France 53-26-21, Belgians 61-19-20, Germans 65-18-17, Spaniards 67-17-16 and Poles 84-16). A poll in Slovenia[3] showed that 60% of Slovenes wished to remain in the EU and 25% wanted to leave. Another survey in Denmark[4] indicated that, before the UK referendum, 40.7% of Danes polled were in favour of a Danish EU referendum with 45.6% opposed and 59.8% wanted Denmark to remain in the EU compared to 22.4% who wished to leave: These figures had changed significantly after the UK vote, with only 32% wanting a Danish referendum and 57.4% now opposed, and with 69% wanting Denmark to stay compared to only 18.2% wanting it to leave.

[2] IFOP, Fondation Jean Jaures, Fondation Européenne d'Études Progressistes, Juillet 2016, "Les Européens et le Brexit".

[3] For the *Delo* newspaper in July 2016.

[4] From Voxmeter, published in *Jyllands Posten* on 4 July 2016.

Public Opinion and the EU in More General Terms

The surveys cited above were carried out around the time of the UK referendum, and have since evolved, primarily in a more pro-European direction. As examined later on in this book, this has mirrored the reaction of EU governments, which has been to close ranks and to support the need for EU solidarity.

Public opinion, however, is both more varied and more volatile. The immediate impacts of Brexit, with political turmoil in the UK and a rapid devaluation of the pound sterling, as well as a certain improvement in the EU economy, appeared to lead to a certain recovery in public support for the EU during 2017, even in some countries with Eurosceptic tendencies such as Denmark and Finland.

According to the spring 2017 Eurobarometer,[5] 40% of respondents had a positive image of the EU, up from 35% in autumn 2016 (and with this figure rising in 24 of the 28 member states), whereas 37% had a neutral image (down 1%) and 21% a negative image (down 4%). On the rather different question of trust, 47% of those Europeans surveyed tended not to trust the EU compared to 42% who did, but this was a considerable improvement from autumn 2016 when the respective figures were 54 and 36%. In spring 2017, the number of member states where a majority of respondents trusted the EU had risen from 11 to 15 compared to autumn 2016 and trust had risen over the same period in 25 of the 28 EU member states.

Meanwhile 56% of those surveyed were optimistic for the future of the EU (up by 6% since autumn 2016), with 38% pessimistic (a decline of 6% over the same period).

Unsurprisingly some studies of public opinion have shown a substantial divide in attitudes towards the EU as between elites and the general public. In a study by Chatham House (*The Future of Europe, Comparing Public and Elite attitudes*),[6] there were large gaps between the two on many issues, not least in whether respondents felt that they had benefited personally from the EU: 71% in the case of elites compared to only 34% among the general public. Once the UK respondents were no longer

[5] Public Opinion in the European Union (Spring 2017). Standard Eurobarometer 87.

[6] Raines, T., Goodwin, M., and Cutts, D. (June 2017). "The Future of Europe. Comparing Public and Elite Attitudes". Chatham House, The Royal Institute of International Affairs.

included, net support among elites for the EU gaining more powers clearly increased although they were still opposed to a federal Europe. This was even more clearly the case for the general public.

A later study by Chatham House (*Europe's Political Tribes: Exploring the Diversity of Views Across the EU*)[7] has attempted a more detailed typology of attitudes to the EU, dividing EU citizens into "tribes". By order of magnitude they are led by "Hesitant Europeans" (36% of the sample), who are in the middle of the spectrum of attitudes to Europe and are neither in favour of deeper EU integration nor are "a priori" Eurosceptics, but need to be convinced of the merits of the EU. They are followed by "Contented Europeans" (23%), who are comfortable with the EU but also with the status quo; "EU Rejectors" (14%) who are angered about both politics and the EU; "Frustrated Pro-Europeans" (9%); "Austerity Rebels" (also 9%); and finally "Federalists" (8%).

Whatever the detailed methods and accuracy of this typology it does indicate that the extremes of much deeper integration or else disintegration of the EU are only supported by a minority of the public. Many others would support the EU status quo and many others simply do not know. This analysis shows clearly that there is indeed a lot to play for in the debate over the future of the EU.

Some Specific Concerns of European Citizens

Besides their general attitudes towards the EU, European citizens also have a number of more specific concerns at this sensitive juncture in EU development.

The regular nature of the Standard Eurobarometers[8] gives not only an indication of the main concerns of citizens at a given point of time but how they have changed over recent years, as well as the great variety of opinion within the different EU member states. These show some striking results.

[7] Raines, T., Goodwin, M., and Cutts, D. (December 2017). "Europe's Political Tribes. Exploring the Diversity of Views Across the EU". Chatham House, The Royal Institute of International Affairs.

[8] Such Standard Eurobarometers were first established in 1973, and consist of two reports a year, one in the spring and the other in the autumn, for example number 87 in spring 2017 and number 88 in autumn 2017. They are based on approximately 1000 face-to-face interviews per country.

From 2010 to around 2014 the economic situation was by far the biggest concern of Europeans, followed by the state of member states public finances and by levels of unemployment. The issues of immigration and terrorism were relatively minor concerns.

In 2015 and 2016 immigration became, instead, by far the biggest area of concern but in spring 2017[9] it was overtaken by terrorism, which was perceived by 44% of those surveyed as the most important issue facing the EU. In second place was immigration at almost 40%. Concern about terrorism had fallen fractionally behind immigration by autumn 2017[10] but these two issues were still far ahead of other concerns of Europeans at 39% in the case of immigration and 38% in the case of terrorism. The key economic concerns, the overall economic situation, public finances and unemployment had fallen far behind by autumn 2017, cited by only 17, 16 and 13% of respondents, respectively. Other issues, such as climate change (12%), crime (10%), the EU's influence in the world (9%), the environment (8%) and rising prices/inflation/cost of living at 7%, were even further behind.[11]

These overall trends have masked some very great differences between individual member states. Ironically the highest figures for concern about terrorism, at levels of around 60% of respondents, are in countries which have not really experienced it, such as Cyprus, Malta and Portugal. Immigration was the top concern in Estonia (62%), the Czech Republic and Hungary (both 58%) and perhaps less surprisingly in Denmark, Germany, the Netherlands, Austria and Sweden. In Portugal, however, concern about immigration was at only around 20%, and in Spain 26%, and were at far lower levels than in other EU countries.

Again unsurprisingly, concern about the economy remained particularly high in Greece (31% of respondents) and about public finances in the Netherlands (24%), Austria (23%) and in Germany (22%), whereas the citing of unemployment was highest in Italy (23%). The very real differences in member state priorities were shown by the fact that climate change was cited by only 12% of Europeans and was only 6th in

[9] Standard Eurobarometer 87, op. cit.

[10] Standard Eurobarometer 88, op. cit.

[11] All figures from Standard Eurobarometer 88, op. cit.

the order of all respondents concerns, whereas it was in second place in Sweden at 37%, and was also in third place in the Netherlands (27%), Finland (25%) and in Denmark (24%).[12]

The Risks of Brexit Contagion in Other EU Countries

The outcome of the 2017 UK general election, the perception of a weak and divided UK government and the growing perception of the complexity of leaving the EU, have clearly not helped those in other EU countries who might wish to emulate the UK, although this was not explicitly tested by Eurobarometer. The ups and downs of the current negotiations between the UK and the 27 will probably lead to further swings in public opinion.

The figures quoted above, however, still need to be treated with caution, and those measuring trust in the EU are still negative. Moreover, they cannot hide the fact that the Brexit referendum and the subsequent election of Donald Trump have comforted Eurosceptic populists in many countries. In the immediate aftermath of the Brexit referendum, there were real concerns that a number of forthcoming elections in EU countries could lead to a surge in such populism and perhaps even to stronger calls for referendums on membership of the Eurozone or of the EU itself.

So far the worst fears have been averted, first in the rerun Austrian Presidential election in December 2016 when the pro-European Green candidate defeated the much more Eurosceptic FPO candidate. Moreover, Austrian public opinion, in spite of the considerable political strength of the far right FPO, has moved in a slightly more pro-European direction according to a survey from the OGfE, the Austrian Society for European Politics: Whereas 60% of those surveyed wanted to stay in the EU in April 2016 and 31% to leave, these figures had changed to 67 and 25% in January 2017 and then to 75 and 21% by a later survey in May 2017.[13] The FPO subsequently did well in the October

[12]Standard Eurobarometer 88, autumn 2017.

[13]This data comes from the periodic surveys carried out by the Sozialwissenschaftliche Studiengesellschaft on behalf of the Osterreichische Gesellschaft fur Europa Politik (Austrian Society for European Politics). The first such survey after the UK referendum showed an immediate decline in opposition to the EU, and EU support has since further increased, as cited above.

2017 Austrian general election, but came third, after having led in many earlier opinion polls. It has since entered into a coalition government with the OVP of Sebastian Kurz and the change in public mood is reflected in their joint government programme which reaffirms Austria's place in the EU and in the Eurozone and is "Eurocautious" rather than explicitly Eurosceptic.

There had also been many fears concerning the strength of Geert Wilders in the Dutch Parliamentary elections of March 2017, but in the end pro-European parties came out far ahead of the Eurosceptics, with Wilders' vote up slightly on the previous elections but lower than he had achieved in the election before that. The pro-European Labour Party did very badly but the more left-wing and Eurosceptic Socialist Party flatlined, and the biggest winners, the Christian Democrats, D66 and Green-Left Parties are all supporters of close European cooperation.

The biggest fears of all were linked to the French Presidential election later in 2017,[14] where most of the candidates were anti-European and Marine Le Pen of the National Front, who had led in many opinion polls, actively sought a French in-out referendum and was also very hostile to France's membership of the Eurozone. She eventually lost badly[15] to Emmanuel Macron, the most pro-European of the candidates, and her party then only won a handful of seats in the subsequent parliamentary election, with those advocating a more direct anti-Euro line, like Florian Philippot, losing influence within the party and, in Philippot's case, even leaving to found a new party. Marine Le Pen herself has subsequently softened her anti-European rhetoric.

The German elections of September 2017 seemed less worrying, as outgoing Chancellor Angela Merkel was leading in the polls and her main challenger, Martin Schulz of the SPD, was even more pro-European. Two of the other main opposition parties, the Greens and the FDP, advocated very different policies but were both broadly pro-European. When the elections did take place, pro-European parties won over 75% of the vote.

The worst scenarios for the EU have thus been avoided and, in France, in particular, a convinced pro-European, who wants the EU to be more ambitious, has been elected as President. Moreover, in a

[14] First round on 23 April, second round on 7 May.

[15] Winning only 34% of the vote compared to 66% for Macron.

backhanded acknowledgment of the fact that the European economy and political situation have improved over the last year, even some of the most Eurosceptic parties are avoiding frontal attacks on the EU, and are adopting more cautious and coded language. Other parties which have been broadly pro-European but have recently adopted a more critical tone on some issues, like the German FDP, are denying that they are going down a Eurosceptic route, and claiming that they still support the further development of the EU.[16]

On the other hand, there is no scope for complacency. It is sobering that in the same French Presidential election strong Eurosceptic candidates won around 45% or more of the total first-round vote, and, whereas Francois Fillon and Benoit Hamon were not questioning France's EU or Euro membership, Jean-Luc Mélanchon, was Eurosceptic, and could have been in a run-off against Le Pen. Only Macron, who won just 24% of the first round vote, was a supporter of closer European integration. In Germany the Eurosceptic Alternative for Germany only won a little over 13% of the vote but is now in the German Parliament for the first time and will be able to make its mark both financially and politically (at the time of writing they have become the largest opposition party in the Bundestag). In Austria the FPO won over 27% of the vote, and is now in the Austrian governing coalition.

Moreover, if the direct consequences of these recent elections are likely to be less harmful for the EU than many had feared, some of the indirect consequences are still substantial, in particular, that the political messaging from many pro-European parties on issues like immigration is being influenced by the platforms of the populists. Angela Merkel's initially courageous stand on migrants was at least partially disavowed in the 2017 German elections, and migration issues were a point of disagreement between the harder line FDP and the Greens in the failed first stage of the subsequent German coalition negotiations. Other Austrian parties besides the FPO, notably the OVP of Sebastian Kurz, have also adopted tougher rhetoric to electoral advantage.

The political situation in Italy is also very volatile, with populism still very strong, as shown in the March 2018 national elections. Of

[16]See, for example, FDP leader Christian Lindner's speech on Europe at the ALDE Congress in Amsterdam on 2 December 2017.

the two parties with the strongest gains in those elections, the far right Lega Nord is very anti-immigrant and Eurosceptic, whilst the Five Star Movement, an anti-system party which is difficult to place on the political spectrum, has been a strong advocate of an Italian referendum on its membership of the Eurozone.

More fundamentally, Italian public opinion, in an EU founding Member State once so supportive of the EU (not least because the EU and "Brussels" has often been viewed more favourably than the government in Rome), has become much more critical of it. The National Report on Italy of the New Pact for Europe in conjunction with the Istituto Affari Internazionali[17] cited a 2016 survey that 66% of Italians considered that national interests were not sufficiently taken into account at the EU level, 50% were pessimistic about the future of the Union and only 29% felt that the policies adopted by the EU were adequate. In April 2016 30.6% of those polled in Italy believed Italy should leave the EU, with only 25.5% in favour of remaining but with 43.9% without an opinion. Similarly 29.9% wanted Italy to give up the Euro, 24.8% for it to keep the Euro and 45.3% with no opinion. In February 2018 the European Council of Foreign Relations (ECFR) concluded that Italians were in 23rd place out of the 28 EU countries in terms of support for the EU, compared to being in 10th position 10 years ago.[18]

Particularly disturbing is the apparent disillusionment of younger Italians. An article for Politico on 19 December 2017[19] cited a study conducted by Benenson Strategy Group in October which purported to show that, if Italy were to hold a referendum on EU membership, 51% of voters under 45 would vote to leave, whilst 46% would vote to remain. In contrast, respondents over 45 supported staying in the bloc by 68–26%. Moreover, voters aged under 45 were significantly more likely to think Italy was on the wrong track (71%, compared to half of voters over 45). The article also cited another survey by Kantar that only 39% of Italians believed that the country had benefited on balance from being in the EU, lower than in any other EU country.

A majority of the Italian don't-knows would probably support the EU and the Euro if there was a crunch vote, but there is clearly disenchantment with the EU project for a variety of reasons, including the

[17] July 2017, op. cit.

[18] Janning, J. (5 February 2018). ECFR policy brief, "Crisis and Cohesion in the European Union; a Ten Year Review".

[19] O'Leary, N. (2017). "How Italy Turned Eurosceptic".

continuing weakness of the Italian economy and persisting high youth and other unemployment, a feeling that Italian national economic interests are being sacrificed in the name of German and "Northern" fiscal discipline and austerity, and a resentment that Italy is being asked to take an economic hit without receiving EU solidarity on its own refugee crisis. There is also a perception that Italy is rather on its own within the EU. "*Un paese senza alleati*" ("*a country without allies*"), as a recent Italian newspaper editorial put it.[20]

Ironically, Italy still has its fair share of European federalists and the National Report on Italy mentioned above cites some of its members as supporting a quasi-federal system for decision-making and a political union, with the development of a European demos. The majority conclusion, however, was that this was not "a realistic option, at least for now" and that "politically, the times could not be more nefarious to propose a 'great leap forward' in integration", not least because of the "rise of nationalistic and anti-European sentiments in Italy and other member states". The report concluded that its members had "real concern about the future of Europe".

In other EU countries where Euroscepticism is strong, there has seemed to be more of a wait-and-see attitude towards the outcome of the Brexit negotiations, and whether the UK will end up with a good post-Brexit deal. This has been the case, for example, in Denmark, where the leader of the right-wing Danish People's Party, for example, came out after the UK referendum with a call for an eventual Danish referendum on whether it wished to stay in the EU or else to replace its current membership with the model that had been negotiated for the UK.

Another example of populism has been in Finland, where the youth wing of the right-wing Finns Party immediately called after the UK referendum for a citizens' initiative for a similar referendum in Finland. The main party leader, Timo Soini, said that he was not in favour but that it might be in the Finns manifesto for the 2019 national elections. The party later split, however, after Timo Soini stood down as leader and was succeeded by the far more Eurosceptic Halla Aho, who advocates a referendum on Finnish membership and whose party candidate for the 2018 Finnish Presidential election, Laura Huhtasaari, believes that the EU is going to collapse (she came third, but with only 6.9% of the vote).

[20] Ernesto Galli della Loggia in *Corriere della Sera* of 31 July 2017.

Timo Soini has since created a new party, which has remained in the current Finnish government coalition, and which has adopted a more moderate and pragmatic position on the EU.

Euroscepticism has also been a substantial force in the Czech Republic, with former President Václav Klaus setting a strong precedent in this respect, and with other parties, such as the Czech Communist party remaining very Eurosceptic. In October 2017, a party advocating Czech departure from the EU and a Czech in-out referendum won over 10% of the vote in the Czech national elections. The ANO party and their leader Andrej Babiš, who won by far the highest vote in the elections, whilst not clearly Eurosceptic, have been highly critical of any EU system of migrant quotas.[21] In January 2018, the Eurosceptic, anti-immigrant and often pro-Russian Czech President, Miloš Zeman, narrowly won re-election for his second term at the expense of Jiří Drahoš, his more pro-European rival. This was yet another election which showed a sharp divide between urban and rural voters, with the former strongly supporting Drahoš (particularly in the capital Prague, where he won almost two-thirds of the vote), and the latter opting heavily for Zeman.

A Hesitant EU Response to Other Political Challenges Within the EU

A different situation for the EU is posed by the cases of Poland and Hungary, which pose two sets of challenges for the EU. The first relates to the sense of direction for the EU, where they (and perhaps the other Visegrad countries as well, or at least the Czech Republic) clearly do not seek closer European integration. Their current governments adopt Eurosceptic tones, strongly support national sovereignty and are culturally conservative and critical of many liberal values. They are also hostile both to key EU initiatives on resettlement of refugees and to EU criticism of some of their domestic decisions. In spite of this, Polish and Hungarian public opinion still seems highly supportive of EU

[21] In an interview with Politico on 30 January 2018 (Mortkowitz, S. and Gray, A.) Babiš said that "Europe was an excellent project", but that Eurosceptic Czechs would turn even more against it on issues such as migrant quotas and cuts in CAP funding. Alread, he said, "we have some parties who would like a Czexit".

membership. Hungary even signed Declaration 52 on support for EU symbols that were cited above, and neither government has advocated departure from the EU.

On the other hand, they both pose a serious challenge to EU values, such as on the freedom of the media and of the judiciary, the latter coming to a crunch in the case of Poland in December 2017. The main question for the EU here thus touches on its very operational principles. One of the weaknesses of the EU has been a continuing reluctance to criticise and/or take action against the situation in individual member states as regards the ways in which they have implemented (or not implemented!) EU law and basic principles. What is happening in Poland and Hungary is of fundamental importance for the EU and for the future defence of its values.

There is, however, a clear risk that the Brexit referendum may have reinforced the tendency of EU institutions and of member states either not to comment on or to criticise the situation in individual member states or else to do so, but not to adopt any meaningful sanctions. Surmounting the Brexit challenge requires a maximum of unity among the remaining 27 member states and opening up battles on other fronts need to be avoided.

A partial exception has been the European Parliament, which has a greater autonomy than the other EU institutions. The EP has adopted a number of resolutions highly critical of developments in both Hungary and Poland and has stated that the current situation in both countries represents a clear risk of a serious breach of the values referred to in Article 2 of the Treaty on EU, and that a sanctions process should be envisaged. In December 2017, the Commission did initiate a process that could end up with sanctions on Poland for breaches of the EU rule of law.

It is still unclear, however, how the member states will react and what follow-up there might be. Victor Orban of Hungary has already reacted by saying that he would block such a move, which requires unanimity.[22]

[22] Dan Kelemen in a paper of 9 January 2017 has also argued that Hungary has been less criticised by the EU than Poland, at least partly because of Orban's position within the European People's Party, see Kelemen, D. (2017). "Europe's Other Democratic Deficit: National Authoritarianism in Europe's Democratic Union", published in *Government and Opposition*, vol. 52, no. 2, pp. 211–237.

The same logic of member state solidarity and reluctance to criticise also appears to apply in the case of the EU institutional and member state reaction to the Catalan crisis, where the Spanish central government has been strongly defended by other member states and by the European Commission, and where concern has mainly been expressed on the need to avoid any violence. The apparent stalemate after the new Catalan regional elections in December 2017 will again pose questions as to how the EU should react, but there is no evidence of any decisive response.

A very different special case is that of Greece, badly hit both by an enduring economic crisis and by, at the same time, being on the front line of the migration crisis. Unsurprisingly, Greek public opinion has swung from being strongly pro-European to being much more critical, with 43% having a negative view of the EU and 60% a pessimistic view of the future of the Union.[23] According to a diaNEOsis survey of March 2017,[24] only 53.5% of Greeks believe that the country's EU participation is positive, down from 68% in April 2015.

All this has been fuelled by the real suffering in Greece, and ongoing problems between the Tsipras government and the other EU leaders, accompanied by resentment against Germany and the EU for the perceived harsh treatment on the economy and lack of real solidarity on migration. There is also a strong Greek perception that the country is not being respected, and that it is not being treated as an EU equal. In these circumstances it is almost surprising that anti-EU sentiment is not even stronger, and that there is no organised move to take Greece out of the EU or even the Euro (support for Greece's membership of the Eurozone is indeed down, but was still around 60% in the March 2017 diaNEOsis survey).

The Greek crisis has had knock-on effects in other EU countries as well, including in neighbouring Cyprus which also went through its own shorter lived economic crisis. It has also posed the question as to whether a country can be removed from the Eurozone, a choice that has had support within some EU countries but has so far been rejected by other EU leaders.

[23]Standard Eurobarometer 88, results of autumn 2017: those in autumn 2016 and spring 2017 were even more negative for the EU.

[24]diaNEOsis Think Tank survey, research December 2016, published in Greek in March 2017, "What Greeks believe in 2017", in cooperation with University of Macedonia and Professor Nicos Marantzidis.

More widely it has reinforced a backlash against economic austerity in many European countries and calls for a change of direction in European economic policies, most obviously among left-wing parties all over Europe but most especially in southern European countries, such as Italy and Spain. In the latter, Podemos has been very much influenced by the Greek experience and in Italy a list actually labelled "With Tsipras" obtained 4 seats in the 2014 European Parliament elections. The most obvious implications may be for future EU economic policy but the way in which Greece is seen to have been treated has also posed concerns about the place of smaller and more peripheral EU countries in the future EU.

The Balance Between Referendums and Representative Democracy

Another concern which is also of a wider nature is linked to the increased use of referendums on sensitive policy issues rather than the more traditional reliance on representative democracy. Relatively few countries besides the non-EU Switzerland have made regular use of referendums, with Ireland and Italy, and to a lesser extent, Denmark, being the main exceptions.

Even when they are only meant to be "consultative" in nature, referendums can often be divisive and unpredictable and can have longer term consequences on political systems. They are, perhaps, particularly unpredictable in countries that very rarely use them, where the rules of the game are not so firmly established and where they may be seen to constitute a good opportunity for political protest.

Examples of rare recourse to a referendum are the UK on Brexit, France on the Maastricht Treaty and also on the draft EU Constitution, the Netherlands on the draft EU Constitution (the first referendum in the recent history of the Netherlands) and again on the EU agreement with the Ukraine. Victor Orban in Hungary has also begun to make use of referendums to seek to strengthen his negotiating hand in Brussels and they have been threatened, for example, in countries like Austria on any future EU enlargement.

Even before the in-out Brexit referendum in the UK, the 2011 EU Act had ensured that any transfer of sovereignty to the EU was to have been the subject of a UK referendum, and could thus have been extremely sensitive and problematic for the future development of the

EU. This Act is obviously now moot unless the UK changes its mind on EU membership, in which case such a roadblock could again become very relevant if a future UK government were ever to re-enact something on the same lines.

As discussed in later chapters, this matter of the use of referendums could surface again if any more far-reaching EU Treaty reform is put forward in future. What will be interesting to see is whether they will be even more used in future in the name of direct democracy and enhanced consultation of citizens, or whether there will be a backlash against them.

In this latter context, the national report on Poland in the New Pact for Europe series[25] states that "*populists can easily hijack some democratic decision-making instruments, such as referenda*" and "*there is no evidence that referenda can effectively reduce the alleged democratic deficit, while they can, in fact, deepen political polarisation and paralyse important EU policies*".

Of even greater weight, because it is contained in an actual government agreement, is a section of the October 2017 Coalition Agreement in the Netherlands.[26] The relevant paragraph states that: "*The consultative referendum was introduced several years ago as a step towards a legally binding corrective referendum. Since that time, however, political support for a corrective referendum has shrunk, so that it is currently no longer on the horizon as an ultimate objective. The introduction of a national consultative referendum as an intermediate step has not met expectations, partly because of a controversy about the requirements for holding one and because of different interpretations of its outcome. The government would therefore like a pause for reflection. The Consultative Referendums Act will accordingly be repealed*".

On the other hand the new OVP–FPO government coalition programme,[27] reflecting FPO calls for more direct democracy, does seek to extend this right in Austria. Even here, however, there is a recognition

[25] New Pact for Europe, National Report Poland (November 2017), Institute of Public Affairs.

[26] "Confidence in the Future, 2017–2021 Coalition Agreement" of 10 October 2017, People's Party for Freedom and Democracy (VVD), Christian Democratic Alliance (CDA), Democrats '66 (D66) and Christian Union (CU)'.

[27] Zusammen fur Unser Osterreich. Regierungsprogramm 2017–2022 (Together for our Austria, Government Programme 2017–2022).

of the dangers of referendum on matters dealing with Austria's European and international obligations, and the programme states that these will not fall within the scope of these new rights.

What Guidance Is There from the Member States on the Direction of Travel for the Continuing EU?

The above analysis indicates that the EU is highly unlikely to disintegrate in the aftermath of the UK Brexit referendum, and that, instead, the short-term impact has been to consolidate member state and European citizens' support for the EU. Moreover, the outcome of the UK Brexit referendum is regretted in all the other member states and is generally seen as an unattractive role model for them to follow. The European economy is also making somewhat of a recovery, growing faster than for several years.[28]

On the other hand enthusiasm for the European integration process is still weak, Eurosceptics and populists are still strong, the migration and insecurity crises have not gone away, and the distribution of benefits from European economic recovery are still very uneven. The Polish, Hungarian and Catalan challenges are still problematic for the EU. Support for much deeper European integration does not appear to enjoy majority support in most member states. So what appear to be the main concerns of the member states?

In the majority of cases they appear to be cautious and pragmatic in nature. Indeed the word "pragmatic" appears again and again in relevant national position papers. The value of sticking together not just in the Brexit negotiations but in the general direction of travel of the EU is emphasised by most if not all member states. Deeper integration is sought not across the board but in a few select areas. Enhanced cooperation is recognised as inevitable in some cases, but most member states want this to be subject to strict criteria. Bolder visions are treated with suspicion.

The concerns of their citizens that were outlined above, as well as the related challenges from populists, have also led most governments to adopt a rather cautious or even defensive stance towards EU

[28] Eurostat figures show that the Eurozone GDP grew by 2.5% in 2017, the fastest rate since 2007 and confidence in the economy was at a 17 year peak (cited in Politico of 31 January 2018).

policy-making in specific fields. In particular, and as the above analysis also shows, institutional concerns are not at the forefront of European citizens' minds. This is reflected in the discourse in recent national election campaigns and in EU member states policy positions. In almost all EU countries there has not been a real debate on EU institutional matters or even on the general direction of travel of the EU. Moreover, most member states are wary of future substantial EU Treaty changes (not least in countries where a referendum might have to be held) and most do not appear to seek a radical change in the nature of the EU, even if they differ on how best to focus on its future priorities.

Typical of this approach was the Dutch government coalition agreement of 10 October 2017[29] that reaffirms "*the Netherlands' inseparable bond with the EU*" and the fact that the EU is a "*community of values*" and "*not only an economic community*". It strongly defends a united EU front with regard to the Brexit negotiations. It makes few if any institutional proposals, however, and essentially defends an improved version of the status quo, with some EU policy areas strengthened and others loosened.

This was reinforced by Dutch Prime Minister Mark Rutte in a speech on 2 December 2017 in Amsterdam to the annual congress of European Liberal (ALDE) parties in which he said that "*a federal Europe is not the answer.., and neither is a politics based on symbolism*" "*Integration for integration's sake will only harm public support for the European Union. So before we develop new policy, before we set up new agencies, before we think up new rules and regulations, we need to ask ourselves: what problem does this truly solve?*" He was even critical of President Macron's ideas of democratic conventions to discuss the future of Europe, as "there was a risk of pontificating, of telling people why Europe was important and of potentially expanding the tasks of the EU".

Another example of caution and pragmatism is the Austrian Government programme 2017–2022 that was agreed between the Austrian People's Party (OVP) and the traditionally Eurosceptic and right-wing FPO.[30] As shown above, this goes out of its way to reassure other Europeans that Austria will remain an integral part of the EU and of the Eurozone and will be an active and reliable partner in further

[29] "Confidence in the Future", Coalition Agreement 2017–2021, published on 10 October 2017 between VVD, CDA, D66 and Christian Union, op. cit.

[30] Op. cit.

development of the EU. Its emphasis, however, is on the need for the subsidiarity principle to be respected at EU level and it even explicitly supports one of the European Commission's scenarios in its White Paper on the Future of Europe (see below), namely its Scenario 4 on "Doing Less More Efficiently".

The Czech Senate's resolution on the Commission's White Paper[31] adopted a similar tone. It admitted that "*in the current geopolitical situation the Czech Republic does not have a better alternative to EU membership (despite its imperfections)*" On the other hand the EU should "*focus on concrete realistic objectives*" and EU action should be concentrated on "*areas in which the EU, in accordance with the principle of subsidiarity, brings real added value compared to the individual action of the Member States*". There should be an emphasis on increasing the effectiveness of EU policies and on finding ways to streamline EU processes and make them more comprehensible to citizens.

Of even wider interest, especially in view of concerns about some of their national policies, notably in Poland and Hungary, is the January 2018 statement by the four Visegrad countries (Poland, Czech Republic, Slovakia and Hungary) on the future of Europe.[32] This reaffirms that the four countries "*believe that the EU is the best framework to face and tackle both internal and external challenges*", and that "*a strong and efficient EU is in our interest*". They talk of the need for preserving and strengthening "*the unity of the union*" and also for respect for "*our common European values*". On the other hand, "*the identities and specificities of Member States*" need to be protected. "*A strong Europe can only be composed of strong Member States*" and "*the right of Member States to carry out domestic reforms within their competences should be respected*". Moreover, "*the democratic control of Member States over legislative and political processes of the EU should follow the principle of subsidiarity*" and "*on matters of strategic national interest every Member State should be entitled to demand a unanimity-based decision at the European Council*". National parliaments should be given a "red card" on EU legislation.

A significant outlier to all the above caution has been the views expressed by French President Macron, who has called for much more wholehearted European integration, both in the course of his

[31] 232nd resolution of the Senate of the Parliament of the Czech Republic, delivered on the 8th session held on 19 July 2017.

[32] V4 Statement on the Future of Europe (2018).

Presidential campaign and more specifically in a keynote speech at the Sorbonne in Paris on 26 September 2017.[33]

In this speech he began by talking of the need to set objectives for the EU, and not just to concentrate on tactics and on narrow technical proposals without seeking to explain how they fitted in with an overall vision. Europeans had forgotten to defend Europe and to make proposals for Europe. The future of Europe should not be reduced to binary yes or no questions, but be based on a real debate first prepared in a series of national conventions.

Moreover, Brussels should not be seen as "them" but as "us". Rather than undercutting sovereignty, Europe reinforced it, and was the only effective way to face up to global challenges, such as insecurity, migration, terrorism, climate change and the digital economy.

Macron went on to make a whole series of proposals, including the creation of a set of new institutions and bodies, such as a European Public Prosecutor against organised crime and terrorism, a Common Intervention Force in the context of a common European strategic and defence policy, a European Asylum Office, a European task force to combat food fraud, a European Social Policy Authority, a network of truly European Universities and even a European Agency for Disruptive Innovation. There should be fiscal convergence and a bigger Eurozone budget.

The European Commission should be reduced to 15 Commissioners, and there should be transnational lists for the next European elections, then rising to half of all the EP seats in the 2024 EP elections. All Europeans should be able to speak at least 2 languages, and by 2024 half of each class should have spent 6 months in another European country before they reached the age of 25. There should be no fear of treaty change, and he suggested a new Elysée Treaty by 2018.

This is obviously a highly ambitious agenda, the totality of which would be supported by few, if any, other European leaders, even in the most pro-EU countries like Belgium and Luxembourg. Macron's speech was very much the exception that proved the rule, and many of his individual proposals are likely to run into the sands. The significance of the speech probably lies more in its attempted change of tone, in the need for a much more positive rather than defensive approach to European

[33] "Initiative pour l'Europe-Discours d'Emmanuel Macron pour une Europe souveraine, unie, démocratique" (26 September 2017), Sorbonne.

policy-making, and in its seeking to instil pride rather than shame in the achievements of the EU.

Former German SPD leader Martin Schulz has, however, recently shown that Macron is not completely a lone voice by calling, as a condition for the SPD re-entering negotiations on a future German government with the CDU/CSU,[34] for a much bolder vision for the EU, leading to a United States of Europe. The final position adopted by the new German coalition government programme was, however, much more cautious.

It has become a truism to say that there is little current leadership within the EU. Will Macron (and Schulz) have any disciples, and what are the strategic options for the future EU? These are explored later on in this book, as are the EU institutional responses, and the possible implications of Brexit for specific EU policy areas.

Implications of the Above for the Ongoing Brexit Negotiations

What are the implications of the above for the ongoing Brexit negotiations? Whatever their degree of exposure to Brexit or their different policy priorities, the member states have so far sought to maintain a united front on Brexit, and to have good relations with the UK but not to allow the latter to have most of the advantages of membership without any of the obligations. Many countries are also concerned not to encourage their own national Eurosceptics.

All this shows how delicate the UK–EU negotiations are, not least in the balance to strike between a more punitive or conciliatory EU approach, and the extent to which the final outcome penalises the UK or else is relatively favourable. Many will not want the EU to be seen to be vindictive and it is in the interests of most to have a solid long-term UK–EU agreement. At the same time, if EU unity is to be a priority, there will be a strong motivation not to agree to a deal "*that allows Britain a privileged alternative relationship that could weaken the Union*".[35] Such balancing factors will be to the forefront of thinking in the capitals of the EU 27 as negotiations move on from the three key issues in the

[34] Martin Schulz outlined this at the SPD Party Conference in Berlin in December 2017.

[35] Citation from an LSE Brexit blog by Oliver, T. (2015). "How the EU Responds to a British Withdrawal Will be Determined by Five Key Factors".

first stage to possible transitional arrangements and to any longer-term EU–UK framework agreement.

National concerns will continue to vary considerably. Ireland is the most affected of all EU countries, with a whole range of concerns, in particular fears of a hard border within the island of Ireland and potential threats to the peace process, its dependency on UK trade (especially in the agricultural sector), problems of transit of Irish imports and exports through the UK, as well as recognition of the loss of an important ally on economic, tax and other issues.

A number of other countries have particularly strong trading links with the UK, including the Netherlands, Belgium and Denmark. A further group of countries, not least a number of countries in Central and Eastern Europe, are most concerned about the fate of the large number of their nationals who are currently living and working in the UK.

Here are also other EU countries which are much less affected. Bulgaria, for example, has fewer trading links and more of its citizens are living in Italy or in Spain than in the UK. Some other countries, once more dependent on the UK, have reduced their exposure in recent years (a good example of this is Finland: not long ago the UK was Finland's second largest trading partner, and now it is only sixth).

It is too early to go into much detail about individual national "red lines", but there are certain concerns shared by many EU countries.

- the need to safeguard the rights of EU citizens currently in the UK (the rights of UK citizens in other EU countries is naturally linked to this in the negotiations but the impact on individual EU countries is very different, with far more EU citizens being affected than UK citizens in terms of absolute numbers, especially from Poland and the Visegrad countries, whereas the largest number of UK citizens, mainly retirees, are in Spain, where they are heavily reliant on the Spanish health system).
- the need for the closest possible trading links between the EU and the UK whilst ensuring that the UK obtains no especially favourable sectoral deals or else is able to gain competitive advantage by undercutting EU social, environmental and other standards (this fear of undercutting of standards is a major concern even among those countries most favourable towards the UK).
- the need to tackle the hole in the EU budget caused by the UK departure, a concern shared both by the net contributors to the EU

budget and by the main recipients, predominantly the poorer EU member states which fear the loss of cohesion, structural and other funding.
- the need for any overall agreement with the UK to tackle other issues besides economic ones, notably security concerns, which are particularly strong in those countries in Russia's near neighbourhood, but also relevant for all countries seeking a united front against terrorism.

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CHAPTER 4

Strategic Options for the EU: Institutional Reactions to Brexit

Abstract This chapter looks at the reactions of the key European Union (EU) institutions to the challenge of Brexit, and how they have made a special effort to maintain a unified position not just with regard to common guidelines for the Brexit negotiations with the UK, but also as regards wider working methods and the next steps forward for the EU. More specifically, the chapter reviews the Bratislava and Rome Declarations as well as Donald Tusk's Leaders Agenda, the European Commission's White Paper and its five scenarios, and some of the main resolutions that have been adopted by the EP since the Brexit referendum.

Keywords Bratislava and Rome Declarations · Leaders' Agenda Commission White Paper · European Parliament role and resolutions Joint Declaration

The UK's departure will clearly have serious consequences for the character and policies of the European Union (EU). This chapter looks at the EU institutions' reactions to this crisis, and how they have sought to aggregate national concerns in the common positions that they have adopted both on the guidelines for the Brexit negotiations and on the next steps forward for the EU.

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_4

Council and European Council

Bratislava and Rome Declarations

The initial reaction of the EU governments after the UK referendum was to close ranks, to show that they were united rather than divided, that they were committed to the values and structures of the EU, and to go forward as EU Members even after the departure of the UK.

The first major EU statement to this effect was the Bratislava Declaration of 16 September 2016: "*Although one country has decided to leave, the EU remains indispensable for the rest of us. In the aftermath of the wars and deep divisions on our continent, the EU secured peace, democracy and enabled our countries to prosper*"….. "*We are determined to make a success of the EU with 27 Member States, building on this joint history*"….. "*The EU is not perfect but it is the best instrument we have for addressing the new challenges we are facing*".

In the Declaration the EU leaders conceded that they needed to improve communications with their citizens, inject more clarity into their decisions and use clear and honest language. The EU also needed "*to challenge simplistic solutions of extreme or populist political forces*". They concluded that "*we committed in Bratislava to offer to our citizens in the upcoming months a vision of an attractive EU they can trust and support*".

They then went on to propose an initial working programme: the "Bratislava roadmap". This had sections on general diagnosis and objectives, in which emphasis was put on the "*perceived lack of control and fears relating to migration, terrorism and economic and social security*" and on the "*need to tackle these issues as a matter of priority over the coming months*". "*Working together the EU27 have the means to tackle these challenges*" and "*we are determined to find common solutions also as regards issues where we are divided*". There was now a priority need "*to show unity and ensure political control over developments in order to build our common future*". On the other hand there was also a "*need to be clear about what the EU can do, and what it is for the Member States to do*" and "*to make sure we can deliver on our promises*".

The Bratislava roadmap continued with a series of specific policy sections, each outlining the EU objective and then putting forward concrete measures. These sections were on migration and external borders, internal and external security, external security and defence, and on economic and social development and youth.

Another opportunity to re-state basic principles came in March 2017 with the Rome Declaration[1] to commemorate the 60th anniversary of the EC Treaties. "*We, the Leaders of 27 Member States and of EU institutions, take pride in the achievements of the European Union: the construction of European unity is a bold far-sighted endeavour*" …"*European unity started as the dream of the few, it became the hope of the many*" "*We will make the European Union stronger and more resilient, through even greater unity and solidarity amongst us and the respect of common rules…. Taken individually, we would be sidelined by global dynamics. Standing together is our best chance to influence them, and to defend our common interests and values*".

The Declaration committed the leaders to a Rome Agenda and to work together towards the broad objectives of a safe and secure Europe, a prosperous and sustainable Europe, a social Europe and a stronger Europe on the global scene. "*We, as Leaders… will ensure that today's agenda is implemented, so as to become tomorrow's reality. We have united for the better. Europe is our common future*".

There were some hints of the problems that they would face in delivering this agenda, a recognition that decisions should be taken at the right level, and that the Union should be "*big on big issues and small on small ones*". There should be greater transparency, improved responses to citizens' concerns, and better engagement with national parliaments. Most telling of all, perhaps, was the highly inclusive phrase. "*We will act together, at different paces and intensity where necessary, while moving in the same direction…, and keeping the door open to those who want to join later*".

Article 50 Negotiating Guidelines

Both the above general principles and the various national concerns that were outlined earlier in this book were reflected in the European Council guidelines for the Article 50 withdrawal negotiations that were adopted by the EU 27 on 29 April 2017. "*Throughout these negotiations the Union will maintain its unity and act as one with the aim of reaching a result that is fair and equitable for all Member States*". The aim was a constructive agreement with the UK but, if the negotiations were to fail the Union would "*prepare itself to be able to handle the situation*".

[1]The Rome Declaration of 25 March 2017, Declaration of the leaders of 27 Member States and of the European Council, the European Parliament and the European Commission.

The text then "*reiterates its wish to have the UK as a close partner in the future*" and that "*any agreement with the UK will have to be based on a balance of rights and obligations and ensure a level-playing field*" "*Preserving the integrity of the Single Market excludes participation based on a 'sector-by-sector approach'*", there should be "*no separate negotiations between individual Member States and the UK*" and "*there can be no 'cherry-picking'*" ("*Keine Rosinenpickerei*" in the vivid German phrase). Most importantly of *all* "*a non-member of the Union, that does not live up to the same obligations as a member, cannot have the same rights and enjoy the same benefits as a member*".

The general concerns mentioned above were all taken into account in the guidelines "*Agreeing reciprocal guarantees to safeguard the status and rights…of EU and UK citizens and their families. will be the first priority for the negotiations*". There should also be "*a single financial settlement… to ensure that the EU and the UK both respect the obligations undertaken before the date of withdrawal*" (i.e. up to the end of the 2014–2020 Multi-Annual Financial Framework (MFF[2])) and that this "*should cover all commitments as well as liabilities, including contingent liabilities*".

Any subsequent "*free trade agreement should be balanced, ambitious and wide-ranging*" but "*cannot, however, amount to participation in the Single Market or parts thereof, as this would undermine its integrity and proper functioning.*" "*It must ensure a level playing field in terms of competition and state aid… and encompass safeguards against unfair competitive advantages through, inter alia, tax, social, environmental and regulatory measures and practices*".

Moreover, "*the EU stands ready to consider establishing partnerships in areas other than trade, in particular the fight against terrorism and international crime as well as security, defence and foreign policy*". There was also a strong emphasis on the need for appropriate dispute settlement and enforcement measures, including the role of the European Court of Justice.

Finally the Guidelines also took account of some very specific national concerns, especially those expressed by Ireland, but also others, such as the status of Gibraltar and the issue of the British Sovereign Bases in Cyprus.

[2]COUNCIL *REGULATION* (*EU, EURATOM*) *No 1311/2013* of 2 December 2013, *laying down the multiannual financial framework for the years 2014–2020.*

The Leaders' Agenda Put Forward by EU Council President Donald Tusk

Donald Tusk's invitation letter to the members of the European Council before their meeting of 19–20 October 2017 provided some interesting indications of his overall approach to EU policy-making during the period accompanying the Brexit negotiations. His main emphasis was to maintain EU unity as the primary objective. "*..we should preserve the unity that we have managed to develop over the last year. We need this unity in order to solve the migration crisis, to tackle unfair aspects of globalization, to deal with aggressive third countries, to limit the damage caused by Brexit as well as to preserve the rules-based international order in these difficult times. We can only confront today's uncertainties if we act in unison, since individual countries are too small to cope with them on their own. Some might say that I am obsessed with unity, but I am deeply convinced… that European unity is our greatest strength*".

To maintain such unity there should not be bold leaps into the dark but a pragmatic and cautious approach. "*We should focus on practical solutions to EU citizens' real problems. This means changes-not just for the sake of change, but in order to bring back a sense of stability, security and predictability in people's lives as well as faith in the future. Institutional innovation can in some cases be a means to an end, but we should be careful not to get bogged down in unnecessary institutional or theoretical debates*". To achieve progress "*we should proceed step-by-step*" "*Some matters are ripe for decisions now*"… "*Other matters will need to be further prepared before we can debate them*". Any acceleration of EU work should not be at the cost of EU unity. Such "*unity cannot become an excuse for stagnation, but at the same time ambition cannot lead to divisions*".

Donald Tusk's letter also outlined his proposed methods for achieving these objectives, including, if necessary, the holding of more European Council meetings, and the preparation of decision notes for each meeting setting out the areas of difference between member states and exploring whether such conflicts could be settled at the level of the 27 or whether enhanced cooperation amongst the willing countries would be the only way forward. He also placed a renewed emphasis on the enforcement and implementation of agreements that had been reached (a point that will be returned to later in the book).

The most important element, however, was Tusk's proposed Leaders' Agenda, which was a timetable for future discussions at both formal

and informal European Council meetings over the coming period. He described this as "*a living document that will be updated and amended as required*" and that will "*not list points that recur on a regular basis, such as external relations*", nor cover the ongoing Brexit negotiations. It would be designed, instead, to provide "*an overview of the main issues that the President of the European Council intends to put on the agenda of the Leaders between now and June 2019*". The Agenda went on to list the topics to be covered at each meeting.

The European Council meeting of 28–29 June 2018, for example, would include the taking of a decision on the future composition of the European Parliament, an orientation for future work in the area of EU Defence Policy, concrete decisions on EMU Reform, and possibly also an overall agreement on internal and external migration policy. The state of play on the implementation of the Leaders' Agenda would also be reviewed.

The way in which this Agenda has been framed is aimed at the adoption of practical steps on which progress can be carefully monitored. Tusk's predecessor, Herman Van Rompuy has described this agenda "*as very ambitious*" and with the leaders taking "*decisions chapter by chapter*". He went on to point out, however, that "*the inconvenience of this approach is that one can lose sight of the bigger picture and of the possible transversal links and compromises*" (in his Foreword to the New Pact for Europe Report of November 2017).

More sweeping visions such as those put forward by President Macron will either have to be put forward in another context, or else broken down issue-by-issue within the context of the Agenda. On the basis of the analysis of member state views and of public opinion that was outlined in the previous section, the more cautious approach of President Tusk would appear to have broad-based support.

On the other hand, the most problematic issues cannot be swept under the carpet. The difficulties that he may face on such issues was shown by the reaction to Tusk's preparatory note on migration before the December 2017 European Council, in which he wrote of the highly divisive nature of mandatory quotas for individual member states and that these were turning out to be ineffective. Tusk was clearly seeking to respond to concerns in certain Central and Eastern European countries in particular, but also succeeded in angering those member states who felt that they had already made considerable political and other sacrifices on this matter.[3]

[3]This divisive issue is again mentioned in Chapter 8 below.

The European Commission

The European Commission currently has, subject to the guidelines set out by the Council, a highly visible role as the day-to-day negotiator during the Brexit discussions between the EU and the UK. At the same time, it has been seeking to outline some of the possible scenarios for the EU's development without the UK and to promote a wider debate on these scenarios within the member states.

The possible options were brought together in its March 2017 "*White Paper on the Future of Europe, Reflections and Scenarios for the EU 27 by 2025*",[4] which was meant both as a contribution to the Rome Summit on the 60th Anniversary of the EC Treaties and as a starting point for debate within the member states.

This began by admitting the scale of the challenges facing the EU, not least that of Brexit, but went on to say *that* "*the current situation need not necessarily be limiting for Europe's future. The Union has often been built on the back of crises and false starts*" and "*Europe has always been at a crossroads and has always adapted and evolved*". The White Paper was thus meant to start a debate on how the EU should evolve by 2020 and to seek "*new answers to an old question. What future do we want for ourselves, for our children and for our Union?*"

The White Paper summarised the main drivers of Europe's future, including: its falling share of world population (25% in 1900, 11% in 1960 and now only 6%); its falling share of world GDP (from 26 to 22% between 2004 and 2015 compared to a rise from 5 to 15% for China alone!); and the strong contrast between Europe's falling percentage of world defence expenditure and its overriding share (56%) in providing development and humanitarian aid. European society was also being profoundly transformed, with Europeans being not only by far the oldest people in the world but also having the most equal societies. The structure of work was being greatly modified, Europeans were changing jobs much more frequently, unemployment levels were falling but were still much too high, especially levels of youth unemployment, and doubts were increasing about Europe's social market economy model.

[4]White Paper on the Future of Europe. Reflections and Scenarios for the EU 27 by 2025, COM(2017) 2025 of 1 March 2017.

Europe was facing heightened threats and concerns about migration and terrorist attacks and Europe's open border model was being questioned.

There were thus increased doubts about the role of the EU. There was still majority support for the Union amongst Europeans, but this was no longer unconditional and the trust of citizens was weakening. Nevertheless, 81% of Europeans still supported the four freedoms, even at a time of increased security concerns 66% still saw the EU as a place of stability and 70% within the Eurozone still supported the Euro.

In the light of all this, the White Paper put forward five scenarios for the future development of the EU.

Scenario 1: Carrying on: This would essentially be the status quo scenario, with ad hoc and step-by-step development on the basis of current EU policies.

Scenario 2: Nothing but the Single Market: This would involve some repatriation of competences and a narrower emphasis on subsidiarity and proportionality, with no shared commitment to tackling such areas as migration or asylum policy, security or defence, and with some foreign policy issues increasingly being dealt with bilaterally:

This option appears to have been put up as a straw man and to be the only scenario clearly opposed by the Juncker Commission.

Scenario 3: Those who want more do more: This scenario would involve coalitions of the willing in specific policy areas, and would lead to even more "variable geometry", with some countries deepening cooperation in such areas as taxation, social standards, security and justice matters, and defence and military coordination.

Ironically this scenario would consist of Europe a la carte without the UK, which has been the EU's main, if not only, exponent of this view. This situation will continue anyway, with Ireland outside of Schengen and others outside of the Eurozone, but its further development might be particularly welcome in France and Germany, and be much more problematic for others, not least Ireland and other smaller member states.

Scenario 4: Doing less more efficiently: Under this scenario, the EU would focus its attention and limited resources on a reduced number of areas. So, whilst some policy areas, such as R&D cooperation and the management of external borders and counter-terrorism would be stepped up, others would be cut back, such as regional development, employment and social policy and public health measures. State aid would be further delegated to national authorities. And there generally

would be less detailed regulation and more flexibility for member states, but with stronger enforcement powers on what has been agreed.

This was clearly seen as a better version of Scenario 2, and is the scenario that has already been emphasised by the Juncker Commission, with far less legislation being put forward and concentration on a ten-point programme. It also chimes with the Rome Declaration that the Union should be "*big on big issues and small on small ones*". It does, however, beg the question of which "big areas" should be included. The White Paper talks, for example, of the creation of a "European Defence Union", which might not be the first choice of a neutral country like Ireland unless framed in more sensitive language.

Scenario 5: Doing much more together: This would be the most far-reaching scenario, with, for example, an Economic, Financial and Fiscal Union being achieved, an increase in the EU budget and a Euro area fiscal stabilisation function, the EU speaking with one voice on all foreign policy issues, a European Defence Union, and systematic cooperation on border management, asylum policies and counter-terrorism matters.

The White Paper concluded by proposing a series of "Future of Europe Debates", to be hosted by the European Commission, together with the European Parliament and member states, and across Europe's national parliaments, cities and regions. This idea has subsequently been picked up by a number of member states, not least by President Macron in France but also in others, such as Slovenia and Ireland.

In the meantime, the European Commission undertook to put forward further reflection papers in a number of areas. The first of these reflection papers was issued on 26 April 2017 and covered Europe's social dimension. Further Commission reflection papers were later issued on "Harnessing Globalisation" (10 May 2017), "Deepening of the Economic and Monetary Union" (31 May 2017), "The Future of European Defence" (7 June 2017) and "The Future of EU Finances" (28 June 2017). These are discussed later on in this book in the section on the potential impact on specific EU policies.

A more general approach was again taken in Commission President Juncker's State of the Union Address that was delivered in the European Parliament on 13 September 2017. He called for the EU to take advantage of the improved political and economic environment within the EU and not only to "*stay the course*" on the agenda set out by EU leaders in the aftermath of the UK referendum but also to "*catch the wind in*

Europe's sails", to chart a direction for the future, *and* "*to build a more united, stronger and more democratic Europe for 2025*". In what he called his "6th scenario", Juncker's main emphasis was to propose bold steps in a few areas, appointment of a European Minister of Economy and Finance, creation of a European Intelligence Unit in fighting terrorism, creation of a fully-fledged European Defence Union by 2025, and a move from unanimity to qualified majority voting (QMV) in important single market areas, including certain taxation areas—such as the common consolidated corporate tax base (CCCTB) (but not corporation tax rates!), VAT, fair taxes for the digital industry, and the financial transaction tax.

These headline catching initiatives, however, were accompanied by Juncker's trademark caution in taking European initiatives in too many areas, again citing the fact that his Commission had been "*big on big issues and small on the small ones, putting forward less than 25 initiatives a year where previous Commissions proposed over 100*". The future EU should, therefore, "*have a stronger focus on things that matter*". To reinforce this, he announced that the Commission was to set up a "Subsidiarity and Proportionality Task Force" "*to take a very critical look at all policy areas to make sure we are only acting where the EU adds value*".

In his speech, Juncker made a number of specific policy proposals which are described in more detail in the chapter on policies below. He also made a number of more institutional proposals. These included supporting the "*Spitzenkandidat*" or "Lead Candidate Process", used for the first time in the 2014 elections and whereby he himself had been elected.

This was controversial in 2014 and some of its implications, not least for EP-Commission relations, are now clearer than at that time. It may well have led to a more "political Commission", but this has not been welcomed by all in the member states, some of whom feel that this has led to a closer association of the Commission with the larger member states rather than sticking to its role as the defender of all member states, large and small. Innovations like this, however, have tended not to be reversed and, if it is indeed used again in 2019 (and the two largest EP parties are already supporting its re-use) it will become a more embedded part of the EU institutional architecture.[5]

[5] Discussion on this point was part of the institutional policy debate at the Informal European Council meeting of 23 February 2018.

Juncker went on, however, to make a more far-reaching proposal namely that there should be a merger between the posts of President of the European Commission and of President of the European Council. He argued that "*Europe would be easier to understand if one captain was steering the ship. Having a single President would better reflect the true nature of our European Union as both a Union of States and a Union of citizens*". Whatever the merits of this argument, such a proposal has major institutional implications, not least on the nature of the European Commission, and that would have to be explored in far more detail.

A further idea advanced by Juncker—that is discussed in more detail in the following chapter—is to use some or all of the vacated 73 seats of UK MEPs to establish a Europe-wide constituency, with candidates who would be chosen at pan-European rather than national level and who would have to campaign all over the EU. In his speech, Juncker also expressed his "*sympathy for the idea of having transnational lists-though I am aware that this is an idea more than a few of you disagree with*". He personally believed, however, that "*such lists would help make European Parliament elections more European and more democratic*". (This idea was subsequently rejected by the EP.)[6]

Throughout his speech, Juncker avoided direct reference to the need for a federal Europe and merely called for a more united and stronger Union. Indeed, at one stage he explicitly stated that "*Our Union is not a State*".[7] His support, however, for a merged Commission/Council Presidency and for a Europe-wide European Parliament constituency will be seen by many as strongly federalising proposals that would change the nature of the EU.[8]

On the other hand, Juncker was more reticent on the current challenges to EU values posed by n Hungary and in Poland, restricting himself to a strong defence of a "*Union of Values*". "*Our values are*

[6] At its plenary session in February 2018, see text below.

[7] A point he later reiterated in response to British Foreign Secretary Boris Johnson's speech on Brexit on 14 February 2018.

[8] All these points were again mooted by the European Commission in their Communication of 13 February 2018 on "A Europe That Delivers; Institutional Options for Making the European Union's Work More Efficient", the European Commission's contribution to the Informal Leaders' meeting of 23 February 2018.

our compass. For me, Europe is more than just a single market. More than money, more than the Euro. It was always about values". Moreover, "*there are three principles that must anchor our Union; freedom, equality and the rule of law*". Freedom implies the "*freedom to voice your opinion, as a citizen and as a journalist*", the rule of law that "*law and justice are upheld by an independent judiciary*". The judgements of the European Court of Justice "*have to be respected by all. To undermine them, or to undermine the independence of national courts, is to strip citizens of their fundamental rights*".

If these words were a warning to certain member states, Juncker tried to balance this by calling for a "*Union of equality*" between all its Members, "*big and small, East and West, North and South*", and he went out of his way to cite Central and Eastern European examples of what he meant.

Finally, Juncker did not go into detail as to how he wanted this agenda to be pushed forward, but did "*support President Macron's idea of organising democratic conventions across Europe in 2018*". In his emphasis on the new member states, he stated that he would pay particular attention to Estonia, Latvia, Lithuania and Romania in 2018, when they would all celebrate their 100th Anniversary of independence and he called for a special summit to be held in Romania on 30 March 2019 (Brexit day!). In an unusual move, he even expressed a preference for this summit to be held in the city of Sibiu, and also cited its German name of Hermanstadt.

European Parliament

The European Parliament's role in respect of Brexit is complex. It has an effective veto power on the outcome of the Brexit negotiations, and it can go further than the Commission or the Council in making controversial proposals for change or in criticising the positions of individual member states. It also has a stronger role than it used to in any process of treaty Reform, which could accompany Brexit.

As regards its own views on the future of Europe, these have become increasingly heterogeneous over time, as there are a far larger number of populists and Eurosceptic MEPs than in the past. It still retains a strong pro-European majority, but one which very much reflects the range of views on Europe in the different member states, and with European federalists very much in the minority. In the early 1980s, when it had far fewer powers, it drew up a draft Treaty of EU, with a

comprehensive set of institutional proposals for advancing the process of European integration. It then obtained a very large majority for these proposals. A similar exercise is not being envisaged today, and is indeed difficult to imagine.

Reaction to Brexit

The European Parliament does not participate directly in the negotiations with the UK, but is seeking to use its potential veto powers to carve out an important role. It will have to give its consent to any final deal and it thus has a potential veto power on the Article 50 withdrawal agreement, even though the Council will decide through QMV and individual member states can thus not veto the deal on their own. The EP will also have to give its consent on any new framework agreement between the UK and the EU, as well as on any transitional agreement.

The European Parliament is a very different sort of actor as compared with the Commission and the Council in that its positions on the future of the EU and on the Brexit negotiations are much more mixed. There are fluctuating majorities and minorities on these issues, but Eurosceptic views and views supporting Brexit or seeking its emulation in other countries are much better represented than in either the Commission or the Council. Indeed, two of the most high-profile Eurosceptic MEPs—Nigel Farage and Marine Le Pen—are both political group leaders within the Parliament. In practice, however, the majority within the EP have closed ranks to support the EU and to set out principles for the negotiations that are close to, and complementary to, those in the Commission and Council. These principles are regularly being set out set in a number of European Parliament resolutions at key moments in the negotiations.

The Parliament's Constitutional Affairs Committee has had a special responsibility to monitor Brexit negotiations, and to look at the overall institutional implications of Brexit for the EU as a whole, as well as holding hearings and commissioning studies. Other EP committees have also examined how Brexit will affect their own specific policy areas.

In addition, day-to-day developments in the negotiations have been monitored not just by the Parliament's normal leadership structures, but also by a special contact group, in which the ALDE Group leader, Guy Verhofstadt, has had the most visible role.

The EP's initial resolution on its Brexit guidelines, adopted on 5 April 2017, began by declaring that "*the withdrawal of the UK should compel the EU-27 and the Union Institutions to better address the current challenges and to reflect on their future and on their efforts to make the European project more effective, more democratic, and closer to the citizens*". It then went on to set out a series of key principles that were sometimes even more specific than those supported by the European Council and Commission, such as that any transitional arrangements should not exceed three years in duration.

The resolution also outlined some of the key conditions for the longer-term relationship, in particular that it would not "*involve any trade-off between internal and external security, including defence cooperation on the one hand and the future economic relationship on the other hand*". Moreover, the UK should not be able to undercut human rights nor "*the EU's legislation and policies in, among others, the fields of the environment, climate change, the fight against tax evasion and avoidance, fair competition, trade and social rights, especially safeguards against social dumping*".[9]

The Parliament's resolution was non-binding, but provided a strong back-up to Commission and Council negotiating guidelines and constituted an important democratic contribution to the debate. The EP has since followed this up by further resolutions, such as those on 3 October 2017 and 13 December 2017 on the state of play of negotiations with the UK.

The latter suggested that an association agreement between the EU and the UK might provide an appropriate framework for the future relationship, and could consist of four main pillars: trade and economic relations, thematic cooperation, internal security and foreign policy and security cooperation. Whilst providing "*for as close a relationship as possible between the EU and the UK*" it was essential, however, that such an agreement protected the integrity of the EU internal market and four freedoms and safeguarded EU financial stability as well as the EU legal order and role of the European Court of Justice. The UK should not undercut fundamental rights nor a wide range of EU policies and legislation and it should be made clear *that* "*a third country that does not live up to the same obligations as a Member State cannot enjoy the same benefits as a Member State of the European Union or an EEA Member*".

[9] See the discussion on choices facing the UK in Chapter 7 below.

More detail on the possible longer-term EU–UK relationship was provided in the EP resolution of 14 March 2018. The EP will continue, to adopt further new resolutions and to seek to influence the shape of Brexit negotiations during the rest of the process, but its main ongoing concern will be to ensure that any final deal does not undermine both the overall integrity as well as the day-to-day activities of the EU.

Views on the Future of Europe

Unsurprisingly, the European Parliament is constantly seeking to help shape the future direction of the EU, but the nature of its involvement in this process has varied over time. During some periods it has aimed for far-reaching change of a constitutional nature whilst in others it has concentrated more on ad hoc progress in specific areas.

On several occasions in the past, the European Parliament has indeed sought to come up with overall proposals for the development of EU institutions and policies. Even its much less powerful predecessor, the Assembly of the European Coal and Steel Community, was involved as early as 1952 in the drafting of a proposed European Political Community, which fell after the defeat of the proposed European Defence Community in the French Parliament but had some influence on the subsequent EEC Treaty.

The first directly elected European Parliament, with what it saw as its strong new mandate, was much more ambitious. Under the leadership of Altiero Spinelli, it drew up a Draft Treaty of EU that was aimed at replacing the existing European Community Treaties with a new and integrated set of structures and policies. This text was adopted by the convincing majority of 237 to 31 in February 1984, showing the relative weakness of Eurosceptic forces in the EP at that time.

Although it was not accepted in this form by the European Council, the Spinelli Draft Treaty did help to kick-start a long period of EU institutional reform, dating from the Single European Act to the Lisbon Treaty, and a good number of its proposals were subsequently incorporated in treaties. The European Parliament later worked in the early 1990's on a draft European Constitution, with Belgian MEP Fernand Herman as the EP rapporteur. By now the climate in the Parliament had changed, and his report, with a draft EU Constitution attached, was never formally adopted, but was merely "noted" at a plenary session in February 1994.

Since then, the European Parliament has gained a much stronger role than it had had before in the wider process of EU Treaty change, and has been involved through its own direct representatives in the discussions with other EU institutions. It has not sought to come up with its own integrated vision of future European development, but rather to comment on individual proposals and policies. Indeed its publication of October 2017 on the "Future of Europe: European Parliament sets out its vision" is a compilation of points made from individual EP resolutions since the 2014 EP elections, with the individual EP proposals often cited in conjunction with points on related subjects made by Commission President Juncker in his 2017 State of the Union address and by French President Macron in his Initiative for Europe speech. Rather than branching out on its own, Parliament's Future of Europe document is described (in EP President Tajani's forward) as a "living document" that "*takes note of the common ground reached on different visions on the Future of Europe in key policy fields*".

The European Parliament's most comprehensive recent texts were adopted at the plenary of 16 February 2017, with adoption of three linked resolutions on institutional themes.[10]

The first resolution on "*possible evolutions of, and adjustments to the current institutional set-up of the European Union*", considered "*that the time of crisis management by means of ad hoc and incremental measures has passed*" and expressed its conviction "*that it is now time for a profound reflection on how to address the shortcomings of the European Union by undertaking a comprehensive, in –depth review of the Lisbon Treaty*". It did not propose this itself and recognised that such a task would take time, considering instead, "*that short and medium term solutions can be realised by exploiting the existing Treaties to their full potential in the meantime*" (all from paragraph 1 of the resolution). It thus tacitly acknowledges that more far-reaching changes may need to be envisaged, but that now is probably not the time to achieve this.

The resolution insisted that the reflection be carried out through the European Convention method, and that it needed to be done at EU 27 level, not through subsets of member states. There should not be an 'a la carte' Europe, and the Community or Union method should be used rather than inter-governmentalism. Enhanced cooperation should be used (and indeed made less restrictive, by lowering the minimum

[10]See European Parliament plenary minutes for 16 February 2017.

number of participating member states), but the practice of opt-outs, opt-ins and exceptions for individual member states should be ended, or at least drastically reduced. For states which cannot or will not join the Union "a ring of partners" should be established around the EU. Such partners, which could now include the UK, should have obligations as well as rights, such as the need to make financial contributions to the EU as well as respecting the Union's fundamental values and the rule of law.

The resolution also reaffirmed "*the mission of an 'ever closer Union among the peoples of Europe', in order to mitigate any tendency towards disintegration and to clarify once more the moral, political and historical purpose, as well as the constitutional nature of the EU*" (para. 8).

Besides its various proposals on economic governance, on foreign and security policy (including swift establishment of a European Defence Union) and on fundamental rights (including allowing the Commission to take systematic action against member states that violate fundamental EU values), the resolution also made a range of institutional proposals. It recommended reinforcing and reducing the size of the Commission, extending the right of EU citizens to vote in all elections (and not just local and European) in their country of residence and reaffirms the lead candidate or "*Spitzenkandidat*" method for choosing the President of the Commission. It called for a single seat for the EP but did not raise the issue of transnational lists for the European Parliament elections. It suggested replacing the six-month rotating Presidency of the Council with a system of permanent chairs of Council formations. The Eurogroup should also be considered as a formal specialised configuration of the Council, and a post of EU Finance Minister should be created.

The resolution proposed a major modification of the existing EU legislative method by granting both the EP and the Council the right of legislative initiative. The role of national parliaments in the EU legislative process should also be reinforced by introducing a "green card" procedure, whereby national parliaments could submit legislative proposals to the Council for its consideration. Moreover, in addition to the Council and Commission, the European Parliament should also have the right to bring an action before the European Court of Justice in case of problems occurring as regards a current or former member of the European Commission. The European Parliament's right of enquiry should be given more teeth, and the Parliament should be given equality with the Council as regards the nomination process to the European Court of Auditors.

The Parliament concluded by undertaking to submit its own amendments for EU Treaty reform. The EU "*should agree on a vision for the current and future generation of EU citizens leading to a Convention with the purpose of making the European Union ready for the decades ahead*" (para. 85). No specific time frame, however, was set for such an exercise, although "*the 60th anniversary of the Treaty of Rome would be an appropriate moment to start a reflection on the future of the European Union*".

The various points in this resolution were complemented by those in the parallel EP resolution on "*improving the functioning of the European Union building on the potential of the Lisbon Treaty*",[11] which went into more detail on some of the above points and also emphasised a series of practical improvements to the day-to-day functioning of the EU, such as by making more use of its existing right to draw up legislative initiative reports, by enhancing cooperation with national parliaments, by reinforcing the existing European Semester exercise (and by enhancing the parliamentary input into this process) and by enhancing legislative openness and transparency.

On a few points this Parliament resolution envisaged some more radical reforms, such as giving the Parliament the right to appoint and to dismiss the management staff of Union agencies (para. 47), to merge the position of President of the Eurogroup with that of the Commissioner for Economic and Financial Affairs (para. 31) and even envisaging the possibility of merging the function of President of the European Council with that of President of the Commission, although this was "*not in the interest of the European Parliament*" (para. 26). In addition, the Parliament called for the integration of the existing intergovernmental fiscal compact and European Stability Mechanism into the EU legal framework. It also sought to extend QMV in the Council to new areas of policy.

A third resolution that was also adopted on 16 February 2017 was on "*budgetary capacity for the euro area*", and made recommendations for improving convergence and stabilisation within the euro area, as well as reinforcing Euro governance, democratic accountability and control.

Besides these principal resolutions on the future of the EU, the European Parliament has adopted a large number of specific resolutions,

[11] Plenary minutes of 16 February 2017.

for example on the "Constitutional, legal and institutional implications of a Common Security and Defence Policy: possibilities offered by the Lisbon Treaty" (16 March 2017) and the "Reflection paper on the future of EU finances" (24 October 2017). There have also been debates without specific resolutions, such as that held on Commission President Juncker's statement on 1 March 2017 and the White Paper on the Future of Europe.

The European Parliament has thus not expressed itself directly on the scenarios set out in the Commission White Paper, although the debate cited above showed the sharp divisions within the EP both on the future of the EU and on the White Paper strategy itself, with some MEPs supporting the Commission's presentation of a range of future options for the EU and others criticising the Commission for not indicating a specific preference and for not providing clearer leadership The then Socialist group leader Gianni Pittella was particularly critical of the five scenarios, saying that it was "playing into the hands of those who want to weaken the EU or even get rid of it…You put five options on the table but I can only see one; to work together as Europeans and do much more together." In contrast, an ECR spokesperson (Ulrike Trebesius) said that the EU should become more flexible, should concentrate on fewer policy areas and become more efficient. Others on the populist right were far harsher, with some continuing to claim that the EU was collapsing.

The European Parliament thus has a whole range of views on the future of the EU, although a majority of its members clearly come out on the side of deeper EU integration. They also support many specific proposals, mainly based on ones that are already on the table, but only suggest a few more radical changes and do not appear to advocate any particular tradeoffs between potentially conflicting objectives.

The Shorter Term Policy Agenda for the EU

The potential impacts of Brexit on specific EU policy areas are examined in Chapter 8. At this stage, however, it is worth summarising the main short-term priorities that are currently being emphasised at overall EU level, and that are broadly supported (if not by everyone!) within the EU institutions.

The Commission, Council and EP Joint Declaration of 14 December 2017 ("*A more united, stronger and more democratic Union: Joint Declaration on the EU's legislative priorities for 2018–19*") makes a distinction between seven priority areas where it is hoped "*to ensure substantial progress and, where possible, delivery before the European elections of 2019*" and a number of additional "*important issues*" on which the three institutions "*agree that progress is also needed*". In some cases, the priority areas exclude some of the more difficult issues. Moreover, some issue areas like social policy fall into both categories. They do provide, however, some guidance as to which areas are felt to offer real hopes of implementation, and those which are likely to be more problematic.

The seven areas for short-term priority action cover the following:

- "*Better protecting the security of our citizens*", notably through adoption of a European Travel Information and Authorisation System (ETIAS), increased interoperability between EU information systems for security, border and migration management, reinforcement of the Schengen Information System, reinforcement of the fight against terrorism and money-laundering, and some of the less sensitive aspects relating to defence policy, (such as enhancing the competitiveness and innovation of the EU defence industry).
- "*Reforming and developing our migration policy in a spirit of responsibility and solidarity*", including reform of the Common European Asylum System, reform of the existing Dublin mechanism and of the different aspects of the legal migration package.
- "*Giving a new boost to jobs, growth and investment*", through a deepening of Economic and Monetary Union and completing the Banking Union (dealing, inter alia, with a European Deposit Insurance Scheme and the development of secondary markets for non-performing loans), adoption of a comprehensive proposal for the future Multi-Annual Financial Framework (MFF) beyond 2020, the development of an EU framework for screening of foreign direct investments, and updating of EU trade defence instruments.
- "*Addressing the social dimension of the European Union*", including by better coordination of social security systems, modernising the rules on the posting of workers, and improving the protection of workers from health risks in the workplace.
- "*Delivering on our commitment to implement a connected Digital Single Market*".

- "*Delivering on our objective of an ambitious Energy Union and a forward looking climate change policy*" by following up on the Paris Agreement on Climate Change, and by implementing the 2030 climate and energy framework, including the promotion of clean energies.
- "*Further developing democratic legitimacy at EU level*": a matter to which lip service is always paid, but on which the only formal proposals are to improve the functioning of the existing European Citizens Initiative and to increase transparency in the funding of European Political Parties and Foundations. The highly sensitive area of pursuing the EU's commitment to common European values, democracy, the rule of law and fundamental rights, as well as standing up against discrimination and xenophobia, are only mentioned under the areas on which "*progress is also needed*".

Other areas on which such progress is also needed include other aspects of trade policy, "*ensuring fairness and adequate levels of social protection, as set out in the 20 key principles of the EU Pillar of Social Rights*", and "*ensuring a high level of data protection, digital rights and ethical standards while capturing the benefits and avoiding the risks of developments in artificial intelligence and robotics*".

Other aspects of European defence policy are not covered, although there is a broad reference to "*reinforcing the EU's role in protecting and defending our interests beyond its border and in contributing to stability, security and peace*". Finally the other very sensitive subject that is briefly mentioned is "*tackling tax fraud, tax evasion and tax avoidance, as well as ensuring a sound and fair tax system*".

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CHAPTER 5

The Potential Institutional Impacts of Brexit

Abstract This chapter reviews the institutional implications of Brexit. Amongst the matters it examines are the potential impacts on Qualified Majority Voting (QMV) voting in the Council and European Council, and the altered composition of the European Parliament and the knock-on effects of Brexit on the EP political groups. The chapter also looks at the wider question of potential changes in the balance of power in an European Union (EU) of 27 member states and whether any EU Treaty changes will be required in the aftermath of Brexit and, if so, whether they can be successfully ratified.

Keywords Qualified majority voting (QMV) · Spitzenkandidat system
European Parliament composition · Transnational constituency
EU balance of power · EU Treaty change

Besides its impact on the future direction of the European Union (EU), Brexit will also have a number of more specific impacts on EU institutional structures, perhaps least within the Commission but more within the Council, the European Council, and the European Parliament. This chapter examines these, and related, impacts.

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_5

Council and European Council

Brexit will have only limited formal impacts on voting within the Council and European Council but potentially more important impacts on power relationships within the Union.

The EU normally aims to take decisions by consensus and only rarely resorts to Qualified Majority Voting (QMV). In recent years the UK has on several occasions been outvoted by QMV but only on one major issue—the fiscal compact—has it prevented a decision being taken under normal EU decision-making procedures. The UK's departure could thus facilitate EU decision-making in the future, but probably only to a limited extent.

The UK's departure will, however, have an impact on the actual mechanics of QMV. The Lisbon Treaty provisions, which are now fully in force after the end of the transitional provisions on 31 March 2017, are contained in Article 16 of the Treaty on the EU (TEU). This provides for a double majority, with QMV being "defined as at least 55% of the members of the Council, comprising at least fifteen of them and representing member states comprising at least 65% of the population of the Union".

The first condition will probably be unchanged in practice, although 55% of 27 rather than of 28 member states is closer to 14 rather than 15. To change this figure of 15, however, would require a modification of the treaties.

The second condition will, however, be considerably modified, as the UK is the third most populous member state. The application of the 65% rule to an EU with 64 million fewer people could thus lead to a different constellation of states in any voting majority, with, on 2015 population figures, the threshold being lowered from just over 326 million to 288 million. The implications of this for smaller and medium-sized member states like Ireland are unclear (at present the five largest member states would be somewhat short of a QMV majority whereas after Brexit they would just have a majority on their own). Simulations have indicated that the remaining larger member states could gain some voting power and that the smallest member states could lose out to some extent. Potential winning coalitions could also change.

All this should, however, be put in perspective. There will be some changes in QMV voting possibilities as a result of Brexit, but they do not appear to be very major. Even more importantly, EU member states almost never vote together exclusively on the basis of their size, and the practical implications of any changes would thus probably be small.

The effective balance of power implications, on the other hand, could be much more significant, and are discussed in more detail below.

European Commission

The institutional impacts of Brexit on the European Commission are less immediately obvious, with the number of Commissioners only going down from 28 to 27 and with only a limited reallocation of portfolios being required.

There have again been calls, however, notably from the outgoing Austrian Chancellor and from President Macron (for the Commission's size to be reduced in order to increase its effectiveness. Macron has even suggested that France and other large founding member states should lead the way on this by renouncing their Commissioners). However, this proposal is likely to remain controversial. It is particularly likely to be resisted by Ireland in the light of the Lisbon Treaty debates on this very question, with the commitment to keep a Commissioner from each member state being one of the key arguments in the second Irish referendum. This is not always understood in countries where the Commissioner of their own nationality has little public visibility but the Commissioner from a smaller member state such as Ireland is often seen as an important personification of the EU in that country, even if they are not directly defending their own national interests.

At any rate, this matter is not directly related to Brexit, although it could, but does not have to be, dealt with in this context.[1]

The question of the maintenance of the "*Spitzenkandidat*" system for choosing the European Commission President has been discussed above, and is also not directly related to Brexit, although the latter does remove one of the main sources of opposition to the idea. Will it thus be more widely supported in the absence of the UK?

The UK was not the only opponent, however, and it will be interesting to see whether those hiding behind the UK will voice their objections more forcefully before the decisions concerning the 2019 elections. Such objections tend to concern the impact on the inter-institutional balance, the balance between large and small countries, and the lack of

[1] It is mooted, but only hesitantly in the Commission's recent institutional communication COM(2018) 95.final of 13 February 2018 on "A Europe That Delivers; Institutional Options for Making the European Union's Work More Efficient", the European Commission's contribution to the Informal Leaders' meeting of 23 February 2018.

agreed legal and procedural rules of the game.[2] If, however, the system is again used, will it be organised in the same way as in 2014, or will it be structured differently?

The European Conservatives and Reformists (ECR) Group in the EP, of which the British Conservatives have been the largest component, did not put up a candidate in 2014. Nor were other Eurosceptics, whether of the more moderate or more extreme varieties, represented in the pan-European *Spitzenkandidat* debates in 2014. Might this now change in 2019? Will attachment to the nation state and opposition to the idea of European integration mean a continuing boycott of such a system, or might the opportunity of a new pan-European platform for Eurosceptic or directly anti-European views be too tempting to resist?

Finally, and again as mentioned above, Jean-Claude Juncker has suggested the even more far-reaching idea of merging the Presidencies of the Commission and of the European Council. This too is not dependent on Brexit but is a test of whether a post-Brexit EU is likely to examine more sweeping institutional changes. At the present time, and for all the reasons mentioned before, this would appear to be unlikely.

European Parliament

The potential institutional implications of Brexit for the European Parliament are very considerable. Firstly, it will have a substantial impact on the EP's composition, and the EP, which has the right of initiative on this question, will have to decide what to do concerning the 73 missing seats. Secondly it will change the composition of the EP's political groups and thus the political balance within the Parliament. Thirdly it poses the question as to the role that British MEPs will play in the remaining years of UK membership, which will last almost to the next direct elections in 2019 and perhaps even beyond, a matter that is discussed in a later chapter.

Composition of the Parliament

The UK currently has 73 MEPs out of the overall European Parliament total of 751. What will happen to these seats after Brexit? As mentioned above,

[2] See, for example, De la Baume, M. and Herszenhorn, D. Article in Politico on 1 February 2018 concerning ongoing opposition to the idea.

the treaties give the European Parliament the formal right of initiative on this matter, though the final decision is taken by the European Council.

There are several possible options. The EP is already the world's largest Parliament and this entails considerable costs, in terms of salaries and allowances, staff assistance, travel and duplicated offices in Brussels and Strasbourg. One option, therefore, would be to reduce the size of the Parliament from 751 to 678, which would require a treaty change but one that could presumably be incorporated in a set of technical modifications that will be necessitated by Brexit. Amongst the advantages of making such a reduction is that it would leave space for any new MEPs after a future enlargement of the EU.

At the time of writing, a version of this option is the EP's preference, with it having voted at its February 2018 plenary session to leave 46 of the 73 seats vacant and to redistribute the remaining 27 seats amongst the member states on a basis that will compensate for existing biases in representation. This decision was, however, only taken after several months of extensive debate within the Parliament on both size and the nature of representation.

The debate on the latter was much taken up with the idea of a Europe-wide constituency, with the European political groups putting up Europe-wide lists of candidates, in order to complement national seats, and to give a stronger European dimension to EP election campaigns. This idea was discussed on several previous occasions within the Parliament, including as long ago as 1998 on the basis of proposals from Greek EPP politician Georgios Anastassopoulos.[3]

A later advocate of a system whereby voters in EP elections would have two votes, one in a national constituency and one in a transnational constituency, was UK ALDE member Andrew Duff. He put forward the idea on several occasions within the EP Committee on Constitutional Affairs but without direct success in the plenary, apart from in an oblique reference to it in an EP resolution of 13 March 2013[4] which spoke in its

[3] European Parliament resolution of 15 July 1998 on a proposal for an electoral procedure incorporating common principles for the election of Members of the European Parliament, based on a report A4-0212/98 of the Committee on Institutional Affairs, rapporteur Mr. Georgios Anastassopoulos.

[4] Paragraph 4 of European Parliament resolution of 13 March 2013 on the composition of the European Parliament with a view to the 2014 election, rapporteurs Gualtieri and Trzaskowski.

paragraph 4 of future proposals for the EP electoral procedure "*without excluding the possibility of reserving a number of seats to members elected on transnational lists*". A further EP resolution of 11 November 2015[5] did not refer to the idea in the main resolution but its annex suggested in its Article 2a that "*the Council decide by unanimity on a joint constituency in which lists are headed by each political family's candidate for the post of President of the Commission*".

There was strong opposition to all these proposals. This was primarily because they were seen by many as too federal an idea at that stage in the EU's development, but a further negative factor was that they would have entailed reductions in the number of national MEPs.

What changed after the UK referendum was that such an idea could be implemented on the basis of some of the 73 seats left vacant by the UK, without touching the national quotas. This idea was thus again been put forward, for example, by the Italians in the Council, and was welcomed by Gianni Pittella, the former leader of the S&D group in the Parliament. It was also advocated by Emmanuel Macron in an even more radical form, as mentioned before, and by several German political parties. Commission President Juncker, as described above, also welcomed the idea, although simultaneously acknowledging that not everyone supported it. The 4th Summit of seven Southern EU countries, meeting in Rome on 10 January 2018, gave cautious support to the idea when their common declaration stated that "*transnational lists of Members of the European Parliament to be elected at European Union level could strengthen the democratic dimension of the Union*". There was even some sympathy for the idea within other member states which had not previously supported it.[6]

But, as shown, there is still considerable opposition to the idea. The V4 Statement on the Future of Europe of January 2018[7] stated that the four Visegrad countries "*disagree with the establishment of a transnational list*", since they fear that it might "*undermine the current balance between*

[5] EP resolution of 11 November 2015 on the reform of the electoral law of the European Parliament.

[6] Irish Taoiseach Leo Varadkar, for example, said that it could strengthen the democratic dimension of the EU when he addressed the EP in Strasbourg in January 2018.

[7] Op. cit.

the EU institutions and among the Member States". They would prefer, instead, simply to reduce the number of seats in the EP.

Another strong set of objections has been voiced from within the EPP Group in the European Parliament,[8] which has argued that a single European constituency would undercut the existing nature of the EU, favour the larger member states over the small, and would give a new platform to populists and to demagogues.

The idea has thus won wider support than in the past, but is still highly contested. It was discussed within the EP's Constitutional Affairs Committee (AFCO) in January 2018, which voted to approve a report that included a recommendation to hold 46 of the 73 seats being vacated by the UK's departure in reserve for a new class of MEPs representing pan-European constituencies (AFCO) (see footnote 1). However, this was subsequently comfortably rejected by the plenary in February 2018.

Closely related to the debate on the nature of representation has been a parallel debate on national allocations in the EP…. The European Parliament had previously committed itself to examining proposals to adjust its current composition to population size and to improve the imperfect system of "*degressive proportionality*" for allocating the number of MEPs for each member state. Under the AFCO report of January 2018, 27 of the seats to be vacated by Brexit, would be reallocated amongst existing member states to compensate for some current injustices in the number of seats per Member State.

The idea of the current system is that larger member states have far more MEPs than smaller ones, so that the range goes from 96 to 6, but that it is not purely proportional and MEPs from smaller member states are over-represented. On the other hand there should, in theory, be a linear progression in the number of citizens represented by individual MEPs from the 72,000 citizens represented per MEP in Malta, the least populated state in the EP, up to the 855,000 per MEP in Germany, the most populated state.[9] In practice a number of quirks have developed

[8] Even to the point of making a Facebook video arguing that it is a bad idea, see reference in Politico of 1 February 2018.

[9] "These are figures from the annex on "a principle-based solution for the distribution of seats in Parliament for the 2019–2024 parliamentary term" to the above report on the composition of the European Parliament (A8-0007/2018), rapporteurs Hubner, D. and Silva Pereira, P."

in the system so that, for example, individual Spanish MEPs represent a larger numbers of voters than German MEPs, although Germany has over 35 million more inhabitants[10] and Lithuania and Ireland both have 11 MEPs although Lithuania has 2.9 million inhabitants and Ireland almost 4.7 million.

The report adopted by AFCO consequently provided for 5 extra seats for France and Spain, 3 extra for Italy and the Netherlands, 2 extra for Ireland and 1 extra for 9 other countries,[11] with the other countries unchanged (and with no country losing a seat). The whole system would thus become fairer and more linear than at present.

The report did not, however, take a formal position on the remaining 46 seats that would be left vacant after Brexit, leaving space for them to be allocated to a single European constituency, or kept unfilled, either permanently or left open for any new countries subsequently joining the EU.

No specific numbers were suggested and in the accompanying proposed legal act the text states "*As of the European elections following the adoption of the legal basis for transnational lists, a number of representatives in the European Parliament should be elected in a joint constituency comprising the entire territory of the Union*".

The AFCO report was considered in the EP plenary on 7 February 2018, which adopted a draft decision for the attention of the European Council, as well as an accompanying resolution.[12] The report's proposals for the reallocation of the 27 seats were supported by the plenary,[13] but the idea of a transnational constituency was rejected by a substantial margin of 368 in favour to 274 against with 34 abstentions. The result was largely because of the opposition by a majority within the EPP, but what was most striking was the divisive nature of the vote. All but one of the political groups[14] had members both in favour and against the idea of transnational lists.

[10] In fact French, UK as well as Spanish MEPs all represent more citizens per capita than German MEPs (901,000 per MEP in France, 895,000 per MEP in the UK and 860,000 per MEP in Spain).

[11] Poland, Romania, Sweden, Austria, Denmark, Slovakia, Finland, Croatia and Estonia.

[12] EP resolution of 7 February 2018 on the composition of the European Parliament.

[13] Its paragraph 4, however, emphasised that it was "*politically unviable for Parliament to suggest a permanent system at this stage*".

[14] The exception being the Marine Le Pen-led Europe of Nations and Freedoms (ENF), which was unsurprisingly unanimous in opposing the idea of transnational lists.

The EP is thus proposing that the 46 remaining seats should not be used, and that the size of the EP should go down from 751 to 705 seats. The reduction in EP size would also help "*to accommodate potential future enlargements of the EU*".[15] If the UK, for whatever reason, has not yet withdrawn from the EU by the time of the next EP elections in 2019, the current allocation of seats should continue to apply until the date of the UK's formal withdrawal.

In another EP elections-related vote, on 7 February 2018, the EP adopted a further resolution, by a majority of 457 to 200 with 20 abstentions,[16] that reaffirmed its support for the idea of "*Spitzenkandidaten*" or "*lead candidates*" in the 2019 European Parliament elections. The resolution stated (in paragraph 2) "*that this further step in strengthening the Union's parliamentary dimension is a principle that cannot be overturned*" and it went on to warn (in paragraph 4) that "*the European Parliament will be ready to reject any candidate in the investiture procedure of the President of the Commission who was not appointed as a* "*Spitzenkandidat*" *in the run up to the European elections*".

Both resolutions will now be examined by the European Council, with the Leaders' Agenda put forward by Donald Tusk in October 2017 providing for discussion of European Parliament composition and of transnational lists amongst EU leaders at their informal meeting of 23 February 2018. A formal European Council decision should then be taken at their meeting on 28–29 June 2018.

As a result of the EP votes, the reallocation of seats between countries is likely to be supported by the European Council, but the idea of a transnational constituency will probably not win sufficient support. The "*Spitzenkandidat*" system has a greater chance of being maintained, but there still appear to be considerable divisions on it within the European Council.

If the idea of a transnational constituency were, against current odds, to be supported, many subsequent questions would be posed, in addition to the number of seats in such a constituency (25 or 27, the 46 left vacant by AFCO's report or another figure?). How would the candidates be chosen (and would this favour celebrity candidates?), to what extent

[15] Paragraph 8 of the above-cited resolution.

[16] Resolution on the revision of the Framework Agreement on relations between the European Parliament and the European Commission, rapporteur Esteban Gonzales Pons.

would they be able to campaign throughout the 27 member states, and what resources would be made available to such campaigns? Would voters have two votes, as suggested before by Andrew Duff? Moreover, once elected, what would be the nature of the relationship between the new transnational MEPs and those elected in the more traditional national constituencies?

Most fundamentally of all, to what extent would such a constituency arouse the interest of voters, lead to a more European and not just nationally based election system, and how would this idea fit in with that of the "*Spitzenkandidat*" system for the choice of the European Commission President? Would the lead candidates be at the head of their respective political party lists in a single European constituency?

What will happen to this proposal will continue to be an important litmus test of the extent of support for such a "federalising" idea in the EU after the Brexit referendum. The European Parliament's vote on 7 February 2018 indicates that institutional caution is likely to prevail in the shorter term. Even if this idea is not implemented in 2019, however, it is unlikely to go away, as shown by the support for it across many different political families and nationalities. All these questions may again have to be confronted in the future.

Impact on European Parliament Political Groups

Once Brexit has taken place there will be a considerable knock-on effect on the size and composition of the EP's political groups. This will only occur after the next EP elections have taken place in 2019, so the precise impacts are not known. The likely scale of these impacts can be inferred, however, from the current distribution of British MEPs between the various political groups. Since the UK Conservatives gave up their link with the European People's Party (EPP) in order to form a new Group, the European Conservative and Reformist Group (ECR) (a major factor in helping to isolate the British Conservative Party from potential European allies), there have been no British MEPs in the EPP. The EPP would thus be the only group not to lose members and the gap between it and the second largest group, the Socialists and Democrats (S&D) group would go up from 27 to 47.

The S&D would lose 20 members as a result of the departure of British Labour MEPs and would go from 189 to 169. In the past Labour have been the largest single component of the group, have led

the group on one occasion, and have had great influence within it. Their loss to the S&D will not only be numerical in nature.

The current Liberal Group (ALDE) will be less obviously affected, as they would only lose one seat because of the defeat of all but one of their Liberal Democrat MEPs in 2014, and they would again become the third largest group because of the losses within the ECR. It would also mean a return to the situation in the early days of the directly elected Parliament when the first-past-the post system in the UK meant that there were no Liberal or Liberal SDP Alliance MEPs. In practice, however, their loss will still be felt, as they had become very influential members of the group, had provided one group leader, and had shifted the balance of power within the group somewhat more to the left of centre on certain issues.

The ECR would lose 20 as a result of the departure of its British Conservative and Ulster Unionist members and go from 74 to 54 seats but would survive and remain the fourth largest group, although they would have a very different character without their British Conservative founders. The only remaining large government party would be Law and Justice in Poland. The current ECR contains a wide variety of parties, with most of them being Eurosceptic to differing degrees but also wishing to distinguish themselves from harder Eurosceptic parties to their right. Is there still a scope for a more moderate Eurosceptic group and on what real basis?

The European United Left Group (GUE) would lose only one member, its Sinn Fein Member from Northern Ireland whilst Sinn Fein will continue to be strongly represented within the group from the Republic of Ireland. There has never been a substantial party within the rest of the UK that has affiliated with GUE.

On the other hand the Greens/European Free Alliance Group, would be badly affected, losing 6 MEPs from three separate parties (3 UK Greens, 2 SNP, 1 Plaid Cymru) and going down from 51 to 45 seats. Again the loss is not just numerical, as these parties have traditionally been important players in both the Green and European Free Alliance components of the group.

The Europe of Freedom and Direct Democracy Group (EFDD), whose largest component is UKIP would disappear, having too few countries and members. The question will be posed of what will happen to the Italian Five Star Movement, which in 2017 tried to join the ALDE Group with the support of the latter's leader Guy Verhofstadt,

but was then rebuffed. The group is already a strange hybrid, with the Five Star Movement being populist and Eurosceptic in some respects, but not in others, and is hard to place on the ideological spectrum.

The Europe of Nations and Freedoms (ENF), co-chaired by Marine Le Pen, would lose only one member and would survive but would only just be on the threshold of the number of countries that are required to form a group, unless it recruited some of the "orphans" from the EFDD or made new recruits in 2019. The populist right within the Parliament could thus be contained within one group but conversely significantly weakened as a result of the loss of the EFDD.

The structure of the Parliament's groups and its internal balance of power is thus likely to be very different after Brexit, although it is also true that Parliament's political groups have often been very fluid, and new constellations of parties could well be formed after the 2019 elections.

Changes to the Other EU Institutions and Bodies

In most cases these would not appear to be very fundamental, although again an assessment of UK influence on their workings would be valuable, for example, with regard to the substantial British presence in the European Economic and Social Committee and on the European Committee of the Regions, in each of which the UK has 24 places out of the total of 350.

The loss of EU Agencies in the UK will be another direct impact of Brexit, with decisions already having been taken to reallocate them to other member states. The job consequences of this are mentioned below in a subsequent chapter.

The most controversial matter relates to the EU legal system and to the UK's participation in the European Court of Justice (ECJ), with its 11 Judges and 11 Advocates General. The extent to which the ECJ will have a continuing role in future EU–UK relations is a particularly sensitive matter in the current Brexit negotiations, and will depend closely on the final outcome. The EEA members can rely on the EFTA Court. What legal body or bodies will be set up to govern EU–UK relations?

The other impact, of course, is that the balance between the civil law and common law traditions will be dramatically changed after the departure of the UK, with Ireland becoming the largest remaining common law country in the EU.

Changes in the Balance of Power in an EU of 27 Member States

This question will be one of the most fundamental in the EU 27. Those concerned with the balance of power within the EU have traditionally seen the UK as a counterweight to the once powerful Franco-German alliance or to the more recent German predominance. Moreover, there has also been concern within Germany about the implications of it becoming too dominant within the EU, exemplified in the past by Helmut Kohl's preference for a more European Germany than for a more German Europe. Ironically balance of power considerations within Europe has also been a key element in past British foreign policy-making over many centuries (as eloquently shown in Brendan Symms recent book on "Britain's Europe"), but seem to have been cast aside in the UK's Brexit debate.

The future role of Germany will clearly be reinforced, and how it chooses to exercise its influence will also be crucial. Another vital question relates to the position of France. What will be the implications of France remaining as the only nuclear power left in EU 27 and the only EU member of the UN Security Council? Moreover, how will future Franco-German relations evolve, and will the former Franco-German motor for the EU be revived? The election of Macron as an energetic and pro-European French President has made this more likely, but the form it might take is still uncertain, at least until the political situation in Germany is clarified.

This question figured prominently in Macron's 2017 speech on Europe at the Sorbonne, when he called for a new partnership with Germany. The two countries will not be in agreement on everything, at least not at first, but everything should be up for discussion between them. France had never taken decisions on behalf of Europe, Macron also said, although it had sometimes purported to. What was needed was for France to return to the spirit of Robert Schuman and for France to come up with proposals for other Europeans to consider.

Also unclear are the respective future positions of the other larger member states of Italy, Spain and Poland. Italy perceives itself as having no natural allies and is more Eurosceptic than in the past, not least because it feels under attack on its economic policy whilst receiving insufficient solidarity on the migration crisis.

Spain has often been very effective within the EU, notably within the European Parliament where it has been very powerful within the two

largest groups, and has had three EP Presidents since it joined the EU in 1986 (as compared to the UK which has had only one EP President in its 44 years of EU membership). The Catalan crisis is, however, all-consuming at present.

Finally, Poland could be a very significant player and its public opinion is still broadly pro-European but its government is critical of many aspects of the EU and is posing a challenge to some central EU values. Even if EU–Polish relations do not further seriously weaken, the potential for a Polish leadership role has been greatly undercut.

Also of great importance is the question of the future role of the smaller and medium-sized EU member states and of the balance between them and the larger states. Future institutional choices by the EU will be very significant in this context, such as whether each member state will retain a Commissioner in the future, an issue that played an important role in the two Lisbon Treaty referendums in Ireland.

Perhaps of even greater significance for the smaller EU member states will be the future balance between the different EU institutions. Innovations such as the Lead Candidate ("*Spitzenkandidat*") system for choosing the Commission President and even the creation of a single European constituency, whatever their merits, might be seen to be more advantageous for the more populated EU member states. A more politicised Commission might also be one which puts less emphasis than in the past on its role as the defender of both large and small member states (a charge that has already been made against the current Juncker Commission by representatives of certain smaller member states).

At the very least the smaller EU member states will have to diversify their allies within the EU to maximise their influence, and new coalitions will have to be forged. Will some of these lead to a reinforcement of regional coalitions, such as the Nordic countries or Visegrad, or will such coalitions be more on a programmatic, ideological or issue-by-issue basis?

The Visegrad countries have taken a similar stance on migration issues and on defence of national sovereignty against interference from Brussels. A larger and more heterogeneous coalition has been that of the Southern European countries, which have held a series of summit meetings between them. The 4th such summit, held in Rome on 10 January 2018, brought together Cyprus, France, Greece, Italy, Malta, Portugal and Spain, where they adopted a common declaration on "*Bringing the EU Forward in 2018*".

If regional coalitions are reinforced, what will happen to some of the smaller or more isolated countries? The departure of the UK would have a significant impact in the context of new alliance-building, notably for countries, such as Ireland which had perhaps become too dependent on the UK in fighting their battles on the EU's policy direction There have already been a number of contacts to counteract this, for example, in a meeting in The Hague between the Netherlands, Denmark and Ireland. Ireland and Netherlands have been invited to meetings of the Nordic and Baltic countries: Will this be further pursued, and with what impact?

Finally, will even wider cleavages open up further in the future, such as between "Northern" and "Southern" EU countries over issues like fiscal discipline and solidarity and foreign policy, or between "Central and Eastern" and "Western" over such disparate issues as human rights, cultural values, cohesion, migration, the free movement of people, and policy towards Russia?

Will There Need to Be a Wider Institutional Package Requiring Treaty Change?

A key institutional question is the extent to which any changes to EU policies and procedures after the departure of the UK can be taken within the existing treaties or will require formal modifications to them. At one level the departure of the UK would appear to facilitate this task, as the Cameron government had already ensured that any such treaty change would have required a (almost certainly fatal) referendum in the UK.

On the other hand ratification of any new treaty might be problematic in many other EU countries as well, not least in a country like Ireland where a referendum would almost certainly be necessary. All this has made many countries very hesitant about formal treaty change, and even the European Parliament has called for the EU to work in the short and medium term within the potential of the existing treaties.

There may, of course, come a moment when some specific matters cannot go forward without treaty reform, and there may also be a demand for a more far-reaching package of measures. The Lisbon Treaty provides the mechanisms for such changes to be made, with a fully fledged Convention in the case of more significant changes. At present a majority of EU member states would almost certainly prefer to avoid this, but if some of the more ambitious EU visions are to be realised, like those of Macron or Schulz, it may again have to be confronted.

A final question that may have to be confronted in the future is whether a new method may have to be envisaged for member state ratification of any more ambitious EU Treaty reform package. The current system entails individual member state ratification according to national requirements. This is by parliamentary ratification in most cases but referendums may have to take place in others. In most cases, such referendums are not mandatory: the Danes used them for early EU Treaties but have avoided them since the Maastricht Treaty, and even in Ireland, where they have been used for all EU Treaty changes, this is more because successive Irish governments have sought to play safe and to avoid the situation that prevailed for the Single European Act, where they were forced to hold a referendum after the successful Crotty case at the Irish Supreme Court.[17] In other countries the use of a referendum on an EU Treaty has been more by choice, but governments are increasingly turning to them for domestic political reasons. The dangers of such an uncoordinated ratification process are evident, when all member states (and, in the case of Belgium, even its individual subnational components) have to agree on the proposals.

The fate of the draft EU Constitution was illustrative in this context, when two countries (Spain and Luxembourg) voted by referendum in favour of the proposals and two others (France and the Netherlands) voted by referendum to reject them, whilst others ratified them in their parliaments or decided not to vote at all in the light of the French and Dutch referendums (thus getting Tony Blair off the hook of a promised referendum in the UK).

A radical idea that has been mooted in the past to overcome this ratification problem has been that of holding a single pan-European referendum on an EU reform package, with a Swiss-style requirement for a Europe-wide majority both of the individual member states and of the overall European popular vote. This could help to stimulate the development of a more European rather than narrowly national debate on an EU Treaty, and could also mean that the democratic legitimacy of the whole process is reinforced.

However, this would be constitutionally problematic (notably in countries where referendums are not normally, if ever, provided for), and

[17] *Crotty v An Taoiseach*. (1987). IESC 4 (9 April 1987).

it would also seem to be too federal a process for many in that it would more easily be justified in a United States of Europe than in a Europe of member states. Countries that had been outvoted might find the result very difficult to accept. UK departure from the EU makes the chances of success for such an idea a little bit more possible, but still not much more at the current stage of EU development.

A less radical idea for Europe-wide ratification of a proposed EU Treaty might have a greater chance of success, for example, by having a much more coordinated process. Individual member state ratifications could take place according to existing constitutional practice, but with all national ratifications, whether by parliamentary ratification or by referendum, taking place within the same time period. As a result, the decisions within one country might be less influenced by those in the others, and some form of Europe-wide campaign on the proposals could be mounted.

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CHAPTER 6

The Cultural Impacts of Brexit

Abstract This chapter examines the cultural aspects of Brexit. The most obvious such aspect is the likely impact on the European Union's (EU) language regime. English has steadily replaced French as the most used working language within the EU and this chapter concludes that this is unlikely to be affected by Brexit, and that English might even be seen in future as a more neutral "lingua franca". In addition to the linguistic aspect, wider cultural aspects of Brexit are also considered in the chapter. So, for example, the UK has helped to shape certain EU working practices and procedures, such as question time in EP plenaries, impact assessments on legislation and other aspects of better regulation. The UK has also influenced EU attitudes on such matters as lobbying, codes of conduct and openness of meetings.

Keywords Use of English in EU · Future EU language regime
UK influence on EU procedures

The Language Regime

One of the most apparently sensitive questions is what will happen to the status of the English language after a UK departure from the European Union (EU). The loss of 65 million UK citizens will clearly have a dramatic impact on the number of native English speakers within the EU as a whole. How many native speakers will be left after Brexit is difficult to calculate (the

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_6

vast majority of the 4.6 million Irish citizens, remaining UK citizens elsewhere in the EU, etc.,) but they will probably constitute under 2% of the EU total.

Moreover, there is some ambiguity over the official status of English after Brexit. Ireland and Malta both have two official languages, including English, but could notify Irish and Maltese as official EU languages in the knowledge that English's official status was guaranteed by UK membership. Some have claimed (including Danuta Hubner, the Polish chair of the European Parliament's Constitutional Affairs Committee) that countries can only notify one official EU language, and that English would thus no longer be an official language after Brexit. This would seem to be a problem of form rather than of substance, and should be overcome without too many difficulties.

A related question is what might happen to the overall language balance within the continuing EU. Will French, once the dominant language within the EU, become a more important EU language again? Will German speakers, reticent for understandable historical reasons to insist too much on the use of German in the early period of European integration, become more assertive? Will the other most spoken languages, such as Italian (historically under-used in almost all contexts other than within the Catholic Church), Spanish and Polish, increase in usage? Jean Claude Juncker, President of the European Commission, alluded to all this in his mischievous comment in May 2017 that "*Slowly, but surely, the English language is losing importance*".[1]

There is, in fact, little evidence that this is the case. Quite apart from the fact that English is the main language for the vast majority of Irish citizens, it is also a very important language in Cyprus and more particularly in Malta, where it is an official language alongside Maltese. Much more significantly, English is the most used language by far amongst Europeans as a whole, especially amongst younger Europeans.

When this author joined the European Parliament staff in 1979, French was still the dominant working language, both for texts sent to translation, for staff meetings and in many other contexts. Over time this steadily changed. Greater use of English was indeed already occurring in the older

[1]At a conference at the European University Institute on 5 May 2017, cited, inter alia, in an article in the *Financial Times* of that day by Arthur Beesley and Duncan Robinson. Juncker subsequently said that what he had said was only "banter" (Reuters article of 13 October 2017).

member states. English had always been more spoken than French amongst Dutch officials but this was not the case in Italy, where older Italian officials were much more comfortable in French. By the 1990s younger Italian officials were using English much more than French. This trend was, however, greatly reinforced by enlargement to Austria, Sweden and Finland and then, even more markedly, after the big enlargement in 2004.

Already by 2006, a survey of 402 MEPs showed that 93% were able to communicate in English, far ahead of French and German. Many MEPs had already been using English in informal contexts, especially in political groups where English was one of three working languages in the European Peoples Party, one of four in the S&D Group, and where there was a progressive shift to English as a lingua franca. Moreover, until 1998 French original texts sent for translation outnumbered English ones. By 2013, 79% of all legislative texts examined in the European Parliament were English originals. Of all texts sent to translation 71%, were English originals compared to 14% French, 4% German, 2.5% Spanish, 2% Italian and 7% all other languages. This trend has also been evident in the other EU institutions, with the one outlier being the European Court of Justice where French has retained a much stronger role.

This shift to English in the European institutions mirrors that amongst European citizens as a whole. English is by far the most taught foreign language at school level, way ahead of French, German and Spanish and with others, even those spoken in populous countries like Italy and Poland, almost nowhere. In European Commission statistics from 2012, 38% of adults outside countries where English is an official language were able to have a conversation in that language, with the figure for French being only 12%.

English is used as the main language in a good number of third level colleges and universities in many EU countries. It is dominant in media and in entertainment.

Moreover, Europe does not exist in a vacuum, and its international connections are ever more important. English as a world language, has 360 million native speakers, is the third most used language as a native language, and is by far the most common lingua franca. It is vital in Transatlantic relations and in many other international and EU contexts, such as ACP meetings.

For all these reasons English is certain to remain both an official and working language within the residual EU, and its informal use may even

increase. Ironically it may take on an even more powerful neutral role, since its use will no longer favour one of the major EU countries.

A different question, however, relates to the nature of the English that will be used and whether it will be further modified in multi-country European usage. There have long been distinctive European phrases in English: so, for example: an EU official on a working visit is going "on mission", a term clearly influenced by French usage; European Parliament plenaries take place in a "hemicycle"; and speeches are "interventions". Sociologists and linguists will have plenty of material for further study in the future.

One final and very little discussed question is the potential impact of Brexit on EU minority-languages. with the loss of Welsh, Scots Gaelic and Cornish, and the extent to which their European status will be defended by speakers of related languages in the residual EU, such as Breton and Irish speakers. The matter of Irish is further complicated by its sensitive Northern Irish dimension.

Ways of Doing Business

A much more intangible question is that of British influence on EU working practices and procedures, and what might happen to these after a UK departure. This is a highly speculative topic and would require more research and personal experience of practices in different EU forums and institutions. The current author's own experience is primarily within the European Parliament and here there are some cases of direct British impact, and others of more indirect or diffuse influence. Introduction of Question Time in plenary is an obvious example of direct British influence on EP. Examples of more indirect influence are less obvious but include the development of a more confrontational rather than consensual style in debate, and a "Devil is in the detail" attitude towards EU policy making, reflected, for example, in a greater emphasis on monitoring the implementation of decisions already taken, the need for proper EP scrutiny of, and even formal involvement in, EU secondary legislation ("Comitology") and direct involvement in the re-writing of the Parliament's Rules of Procedure (where British MEPs have often played a critical role). An emphasis on the need for Better EU Regulation, and on the need for more systematic impact assessment of new EU legislative proposals are further such examples.

Another case of indirect influence has concerned attitudes to lobbying, on which British MEPs have typically favoured a more open rather

than restrictive policy than MEPs of some other nationalities. The wider subject of openness and transparency has been one on which the UK has not always been one of the leaders but has tended to advocate more openness than a number of other member states: for example in pushing for open rather than closed committee meetings within the Parliament and in its work on assessing requests for open access to documents (requests which were themselves disproportionately made by British people, at least in the early days of the new access to documents regime).

There are various other examples as well, for instance as regards attitudes to EU standardisation where UK civil servants have tended to put a greater emphasis on post-adoption monitoring than their counterparts in certain other member states.

After the departure of the UK, will these practices be discontinued, or, more likely, will somewhat less emphasis be put on them? It is currently too early to say, but a tentative answer is that many UK preferences and practices will continue. This will partly be because their embodiment in EU rules of procedure will be maintained. There will also, however, have been a real European cross-fertilisation of such practices (just like British MEPs became rapidly attuned to the "rapporteur" system for drawing up EP resolutions that had stemmed from French parliamentary procedure).

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CHAPTER 7

The UK and Europe

Abstract This chapter reviews the positive and negative aspects of the UK's legacy for the European Union (EU). One of the key conclusions is that, whilst the UK has typically portrayed itself as a victim of the EU, in practice it has exercised a very real influence within the EU system. It is, however, an influence that it has consistently tended to underplay. The chapter then looks at the UK's role during the Brexit process. This is followed by an examination of EU institutional jobs in the UK and UK institutional jobs in the EU. The chapter concludes with some thoughts on the continuing links between the UK and the EU after Brexit has occurred, and at the policy choices the UK has to make as regards its future relationship with the EU.

Keywords UK legacy for EU · UK role in EU during Brexit process EU officials of UK nationality · UK and EU agencies · UK and Europe after Brexit · Reversal of Brexit

The costs and benefits of "non-UK": Legacy for the EU

The previous chapter looked at some of the linguistic and procedural impacts of UK departure on the European Union (EU) 27, but wider questions about the costs and benefits of "non-UK" also need to be raised. Some of the losses for the EU are evident, including reduction of the EU population from over 500 million people to under 440 million, a

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_7

proportionately greater reduction in the overall size of the EU economy, the loss of the EU's largest military power and of its largest centre for financial service. In an even wider sense however, the UK's legacy to the EU, both positive and negative, also needs to be evaluated.

To talk of the UK's legacy in any detail is clearly now premature, but a few initial questions need to be posed: What have been the impacts of the UK on the EU during its 44 years of membership, how has the UK influenced the EU's development, and to what extent will its departure strengthen or weaken the EU project?

Was De Gaulle right when he anticipated that the UK would be a brake on the EU's development and a Trojan horse for transatlantic influence? It is clearly true that the UK has never shared the official EU goal of "ever closer union", there has never been a moment when both major British parties have been consistently pro-European, the British media has become increasingly hostile to the whole project, and temporary or permanent British opt-outs and derogations—such as on Schengen, the Euro, the Social Chapter, and Justice and Home Affairs measures—have helped to undercut any sense of common EU direction and to reinforce the idea of a multi-speed Europe.

It is not obvious, however, that the EU would have had a much clearer sense of direction without the UK. Moreover, it has often been convenient for other EU countries, themselves not enthusiastic about a possible EU course of action, to hide behind UK objections. The UK has indeed been the most out-voted member state in the EU Council but it still supported more than 97% of the EU laws adopted between 2004 and 2016.[1]

In a more positive sense, UK political and policy preferences have often helped to shape EU decision-making, notably as regards its support for EU enlargement and widening rather than deepening. UK influence has been fundamental in developing the EU single market and the concept of mutual recognition, and in pushing for better regulation, reduced bureaucracy, a competitiveness agenda, and the promotion of free trade rather than protectionism. More generally, British influence on the way in which the EU has actually worked has also been considerable, such as in its preference for pragmatic rather than federalist views on future EU development, and in the practical ways that were noted in the previous section, notably "the devil-is-in-the-detail" approach to the running of the EU.

[1]Figures cited in Hix, S., Hagemann, S., and Frantescu, D. (2016). Votewatch Special Report: "Would Brexit Matter? The UK's Voting Record in the Council and European Parliament".

The UK record on implementing EU decisions has also been a generally good one, although British proclamations of exceptional virtue in this respect do need to be subject to close comparative analysis.

Even where UK policy preferences have not been supported by all other EU member states, they have had strong backing from a number of countries, such as on its liberal internationalist approach to economic policy, its hostility to tax harmonisation, as well as, for very different reasons, on its lack of support for a more integrated EU defence and security policy.

Finally, whether it has been supported or not, there has been a general recognition in other EU member states that the UK has brought a lot to the table in such areas as economic strength and global security reach, and as a counterweight to any Franco-German centre of power within the EU.

The UK has thus been rather successful in influencing the general direction of the EU and has rarely been imposed upon against its will. Unfortunately, this has not been the perception within the UK, where public opinion has often been led to believe that the UK has been a victim and has not appreciated the very real UK achievements.

A good example of this is in British public opinion's lack of interest in or respect for the European Parliament. In practice, the role of British MEPs has been very great and many of the most influential MEPs have been British. Their work has helped to shape the EP's positions on the internal market, on the Parliament's own standing orders, on the Parliament's increased emphasis on implementation of EU laws, on impact assessment of EU proposals, on the development of question time in plenary and in committee, and on the treatment of petitions. Few if any, British MEPs, however, have become at all known within the UK, which has never had any EU "celebrities" such as Jacques Delors.

If the UK does eventually leave the EU, as currently appears very likely, a more systematic evaluation of its legacy for the EU will be required. There is often much talk in the European Parliament about the "cost of non-Europe". It is evident from the short analysis above that the cost of "non-UK" will also be considerable. There may be some benefits, but they are much less obvious.

The Role of the UK During the Brexit Process

A final question with regard to Brexit's implications for the Council and European Council concerns the role that the UK will play in the period until its departure. It is obviously on its own' against' the other 27 in the

Brexit negotiations and indeed had already been excluded from the preparatory Council and European Council discussions even before Article 50 was triggered. Moreover, Theresa May did not take part in the commemorations in Rome for the 60th anniversary of the Treaty of Rome.

More problematic, however, has been the issue of the UK's participation in other EU decision-making. It clearly has full rights on other matters in the Council and still has its own Commissioner.[2] Should it, however, participate and have an influence in discussions on legislative and other matters which could have a direct bearing on certain aspects of the Brexit negotiations and indeed on its post-Brexit relationships with the EU? The UK remains a full EU member state until it actually leaves, but this is clearly a sensitive matter.

Unlike British representatives in the Council, British MEPs are not restricted in their role as regards the Brexit negotiations. They retain voting rights on the Article 50 agreement, and will continue to be involved in discussions throughout the Brexit negotiations leading up to the date of UK departure. The role of British MEPs before the UK leaves is likely to remain relatively strong and the Parliament will thus become a more important forum in which UK perspectives can be expressed. The Conference of Presidents (the leaders of the political groups) plays an important part in monitoring the Brexit negotiations and there are still two British chairs amongst their number (British Conservative Syed Kamall of the ECR and UKIP's Nigel Farage as co-chair of the EFDD).

Each EP Committee has been assessing the impact of Brexit on their policy areas and the coordinating Conference of Committee Chairs also has a role in Brexit oversight. There was some speculation that the three British chairs of Committees (out of a total of 20)—Labour MEP Claude Moraes of the Civil Liberties Committee (helping to develop the EP's position on migration and freedom of movement issues), Labour MEP Linda McAvan of the Development Committee and, in particular, British Conservative Vicky Ford of the Internal Market Committee—would be replaced by non-British MEPs when the committee chairmanships came up for review in January 2017. In the event, all three chairs were re-elected, although Vicky Ford then left the EP when she was subsequently elected to the UK Parliament in the general election of May 2017.

[2] Jonathan Hill resigned after the UK referendum and was replaced by Julian King.

A further example of British MEPs retaining their roles concerned rapporteurships: that is, MEPs responsible for drawing up reports in EP committees and then steering them through plenary. After the referendum some British rapporteurs resigned (for example British Conservative Ian Duncan from his rapporteurship on the EU emissions trading system), but others did not (such as British Labour MEP Richard Corbett, who retained his rapporteurship on the adaptation of Parliament's own rules of procedure, and British Conservative Richard Ashworth, who was co-rapporteur on the financial rules applicable to the general budget of the Union).

Moreover, UK MEPs can continue to vote on all legislative and other issues, including those directly affecting Brexit, such as Parliament's resolutions on its guidelines for the process, the first of which was adopted on 5 April 2017. UK MEPs were very active in the parliamentary debate, with 17 of them speaking, including all three from Northern Ireland. 63 of the UK's 73 MEPs took part in the final vote, of which 23 were in favour (Labour, Lib Dem, SNP and Green MEPs), 33 against (UKIP and most Tories) and seven abstained (one Plaid Cymru but also six Tories).

A further debate was held in the context of the EP resolution of 3 October 2017 on the state of play of negotiations with the United Kingdom, in which it asked the European Council to postpone moving on to the second stage in the negotiations on a longer-term framework deal because it considered that insufficient progress had been made on the first stage issues of citizens' rights, Ireland and the settlement of the UK's financial obligations. 16 British MEPs spoke in the debate, again including all three MEPs from Northern Ireland. 24 of the British MEPs voted in favour of the resolution, with 26 against, all but 2 Tories and the UKIP members. UKIP was also instrumental in tabling a separate EFDD pro- Brexit resolution, which was not, however, put to the vote because of the adoption of the main resolution.

The way in which British MEPs vote, however, can become a very sensitive matter on the home front, as shown by the fact that the two Conservatives who voted for the main motion, Ashworth and Girling, then had the Conservative whip withdrawn from them.[3] The UK government subsequently contacted leaders of the other British parties

[3] Ironically a number of other Conservative MEPs were at the Conservative Party conference, and did not take part in the vote at all.

urging them to do the same to their members who had supported the main motion, but this plea was ignored.

A final illustration of the ongoing role of British MEPs is that 60 of the 73 participated in the EP plenary vote of 7 February 2018 on the future composition of the EP[4] and 62 on the EP views on the "*Spitzenkandidat*"[5] process. In the vote on the first resolution, on the key amendment to Article 4.1 on transnational lists, 35 British MEPs voted against the idea of transnational lists for the 2019 EP elections, 7 supported it, and 18 abstained, Most Labour MEPs abstained, but some voted in favour of transnational lists, whereas most Conservatives were opposed,. Without the British participation, the idea of transnational lists would still have been rejected, but by a narrower margin. On the second resolution there was only one abstention, with 24 British MEPs supporting the resolution and 37 opposed. British MEPs can thus have a considerable, and on some issues potentially even decisive, impact on EP decisions,

A final point relates to what might happen if the UK has not left the EU by the time of the next EP elections in 2019: if, for example the negotiations are extended by the 27 or if the agreed exit date is somewhat later in the year. In theory the UK might then participate in the 2019 elections, but other solutions are more likely to be considered, such as UK members being sent from the UK Parliament as observers until the moment of departure: a procedure that has been used for acceding states until they have organised direct elections but might also be considered for a departing state.

Officials of UK nationality in the EU Institutions

An ancillary set of questions concern what will happen to the many officials of British nationality currently working in the EU institutions, some at a very senior level. Are they already being penalised in the aftermath of the Brexit referendum and the tabling of Article 50? Will they be let

[4] EP resolution of 7 February 2018 on the composition of the European Parliament, op. cit. in Chapter 5.

[5] Contained in EP resolution of 7 February 2018 on the revision of the framework agreement between the European Parliament and the European Commission, also op. cit. in Chapter 5.

go after Brexit has taken place, or will their EU careers continue but stagnate? How many of them might change nationality, and what might be the consequences of such a move for their EU careers?

These questions are purely speculative at this stage. In the past, some British officials have risen to the highest posts in the EU institutions, notably David Williamson as Secretary-General of the European Commission from 1987 to 1997 and Julian Priestley as Secretary-General of the European Parliament from 1997 to 2007. Recruitment of British officials has, however, become increasingly difficult over time. The UK has 12.6% of the EU population but, for example, only 3.3% of the European Parliament staff, far less than the percentage in the other larger EU countries (France 12.7%, Italy 8.8%, Spain 7.2% and Germany 6.3%, although Germany is itself significantly under-represented). The UK's percentage of total EP staff is well behind those from Portugal or Greece, and only a little ahead of those from Romania or Finland.

Since the Brexit referendum the EU's institutional leaders have sought to reassure British staff[6] and a couple of British officials have even been promoted to Deputy Director-General positions.[7] These, however, appear to be the exceptions that prove the rule. Promotions generally will become more difficult and moves to certain sensitive policy areas, such as trade policy, will become increasingly problematic for British officials. If and when Brexit actually takes place, British officials are unlikely to be immediately let go, but they are likely to lose out in promotions to colleagues of other nationalities, and to have slow or static careers. What will happen to those currently in senior posts is even more uncertain.

To confront these risks (and also because EU officials usually have strong European convictions), a considerable number of British officials have applied for citizenship of other EU countries. This may help to preserve the careers of a number of serving officials. In theory, since

[6] European Commissioner Oettinger, for example, is reported in Politico of 30 January 2018 as having promised to make a statement in March that UK permanent staff will not be asked to leave post-Brexit and that even other staff, such as contractual and temporary staff, will be judged on a case-by-case basis.

[7] For example Matthew Baldwin in July 2016 in the area of mobility and transport and later Simon Mordue in November 2016 in the sensitive area of migration and home affairs, both posts within the European Commission.

EU entry competitions are not organised on the basis of nationality but of language and of special skills, any EU citizen (such as the numerous residents of Northern Ireland who have Irish and hence EU citizenship) could also be recruited in the future, but this is likely to be much rarer.

Losses of EU Institutional Jobs in the UK

Besides UK officials in the EU institutions, a number of EU civil servants have been based in the United Kingdom. One of the EU bodies once in the UK, the European College for Law Enforcement Training (CEPOL), set up in 2005 to train senior police officers, and based in Bramshill, had already moved from the UK to Budapest in 2014, before the Brexit referendum—ironically under the watch of Theresa May when she was UK Home Secretary. Another EU body, the Joint European Torus (JET) nuclear fusion project based in Culham, had been wound down in recent years.

The most important remaining agency in economic and staffing terms has been the European Medicines Agency in Canary Wharf in London. Founded in 1995, this agency is responsible for the evaluation and supervision of medicinal products for both humans and animals. Its most important power is that it is responsible for centralised evaluation procedures for medicines, which enables a medicine to be marketed throughout the EU on the basis of a single marketing authorisation rather than having to go through individual national procedures. It has a staff of 890 (2016 figures), but its multiplier effect in terms of visitors to London and other spin-off economic effects, such as being a pole of attraction for innovative medicines, has been much wider than that.

The European Banking Authority, was only set up in 2011, with the task of creating a single regulatory and supervisory framework for the EU banking sector. It is also based in London and has just under 200 posts (again 2016 figures). Both the European Medicines Agency and the European Banking Authority will now have to move to other EU countries, with the EMA going to Amsterdam and the EBA to Paris.

A further EU-related body to move away from the UK will be the Galileo Security Surveillance Centre, which provides the backup monitoring centre for the Galileo satellite navigation system. The UK had won the contract to host it in 2010 but it will now be moving to Madrid, on the grounds that all the Galileo infrastructure should remain within an EU country.

Continuing Links Between British and EU Politicians and Civil Servants After Brexit Has Occurred

Whatever happens in the Brexit negotiations, relations between the UK and the EU will remain of great importance for both sides, and there might be even more UK appreciation than at present of the significance of networking with the politicians, civil servants, social partners and civil society of other European countries.

Most European countries that are not in the EU participate in a wide range of EU-related or other European organisations. EEA countries tend to have particularly close such links, including with many EU programmes and agencies, but this is also true of many other countries. Georgia, for instance, which is unlikely to join the EU in any short time frame, is an active member of the Council of Europe and of the OSCE, is involved with EU programmes such as Erasmus Plus and Horizon 2020, has a strategic agreement with Europol, and is involved with EU energy programmes and with several EU agencies. The UK, which would be the biggest European country besides Russia in the immediate neighbourhood of the EU, will surely want to be involved in a whole host of such organisations and programmes, although this will have to be offset against the price tag of such participation.

In the early post-Brexit phase, the UK is likely to want to opt into a number of EU programmes, such as the popular Erasmus Programme and cross-border funding programmes such as Interreg or research programmes. It is likely also to seek to be a member of those EU agencies whose work will be costly and difficult for the UK to reproduce. With the current high emphasis on security cooperation, Europol will probably be of particular interest to the UK, not least because it already has formal agreements with a number of non-EU states, including Iceland, Norway and Switzerland. Many other agencies have non-EU countries, sometimes as full members, but more often as observers or associates. Norway, for example, is a full member of three decentralised EU agencies and is an observer in eight others. Participation in data-gathering agencies, such as the European Environment Agency, will have few, if any, political downsides, but even agencies of a more regulatory nature, such as the European Medicines Agency and the European Chemical Agency, could continue to be very valuable for the UK. The whole question of ongoing nuclear safeguards and of the UK's future relationship with Euratom will be particularly important.

It will also be critically important to maintain strong UK and EU parliamentary ties after the moment of UK departure from the EU, whether through existing fora, such as the Parliamentary Assembly of the Council of Europe or through any new joint parliamentary frameworks established in the longer-term agreement between the EU and the UK.

Moreover, the European Parliament and the national Parliaments of the EU countries will continue to have close ties with UK Parliamentary counterparts, whether through Speakers Conferences, meetings between specialised committees (which often include committees from non-EU Parliaments, such as that of Norway) or meetings of new ad hoc bodies.

There is also likely to be a regional dimension to these contacts, with devolved Parliaments (and Executives) likely to seek some form of continuing presence in Brussels, as also might the City of London and other regional bodies.

One final observation in this context relates to the importance of European political families, now better structured than in the past through European Political Parties and Foundations with their own legal structures and funding. To some extent these have been undercut in the past by the much greater importance of the European Parliament political groups, but, apart from their financial advantages, they have already had a particular value to building up contacts with actual or potential sister parties in non-EU countries or maintaining contacts with parties which have either not yet won or else lost seats in the EP. The Irish Greens, for example, lost all their seats both in the Irish national parliament and in the European Parliament but maintained strong links with the European Green family and had a number of meetings in Ireland on policy issues that were supported by the Green European Foundation. The UK Liberal Democrats, which lost all but one of their MEPs in 2014 and which, post the 2017 UK general election have only 12 MPs at Westminster, have continued to be strongly involved with the Europe-wide Liberal family (ALDE). Some of the existing European political parties and foundations are well-established, whereas others, notably on the Eurosceptic right and far-right of the European political spectrum, are much more transient and peripheral. The rules for their establishment are now being tightened, with proposals, for example, that European political parties can only be sponsored in future by national parties and no longer by individuals, that they must ensure greater transparency for their activities, and that they can be de-registered in a quicker and clearer way when they no longer meet the necessary criteria

(see COM (2017) 481 final on amendments to the statute and funding of European political parties and European political foundations).

Such changes will only have major impacts on the smaller and less entrenched European political parties and foundations. The main UK political parties, with one partial exception, are all associated with well-established European political families.

The Labour Party and the SDLP in Northern Ireland are linked with the Party of European Socialists and its Foundation for European Progressive Studies, and the Liberal Democrats, as mentioned above, with ALDE (the Alliance of Liberal Democrats for Europe) and the European Liberal Forum (and with the Alliance Party of Northern Ireland also associated with the Liberal political family).

The Green Parties of England and Wales, Northern Ireland and Scotland are all full members of the European Greens and of the Green European Foundation, whereas the SNP and Plaid Cymru (as well as the Cornish Mebyon Kernow and the Yorkshire Party) are members of the European Free Alliance with its associated Center Maurits Coppieters.

Somewhat more complicated is the case of the British Conservative and Ulster Unionist parties, which used to be linked to the European People's Party (EPP). Considerable concessions had been made by the EPP to the Conservatives: the group was called the European People's Party-European Democrats (EPP-ED) in recognition of the Conservatives' distinctive status, and the latter were allowed to have their own separate whip on institutional issues. In spite of this, the British Conservatives then left the EPP in 2009 in what is considered by many to have been an initial error of judgement by David Cameron, after he had earlier promised to do this to win over Conservative Eurosceptics in his campaign to take over the party leadership.

The result of this was to cut direct links with many of the parties and leaders in other EU countries: meaning that David Cameron was not participating in pre-European Council EPP summits with Angela Merkel and other EPP leaders and Prime Ministers. They are, however, now in the Alliance of Conservatives and Reformists in Europe with its associated foundation, New Direction-Foundation for European Reform. This is a broadly-based group of mainly but not exclusively Eurosceptic parties in both EU and non-EU countries. Most of these parties are, however, not amongst the major national parties, with the exception of the Polish Law and Justice Party, the Czech Civic Democratic Party (which has become much weaker than it was) and the Iceland Independence

Party. It will be interesting to see the impact of Brexit on this political family and on future links between the British Conservatives and the other parties within it.

The links between the smaller UK political parties and the smaller European political families are less significant. Both the future of UKIP and of the Alliance for Direct Democracy in Europe are currently very uncertain. The European Christian Political Movement has a number of current MEPs, but who are either individuals or in very small parties, and their UK partner is the tiny Christian People's Alliance. Even these, however, do present some opportunities for future political cooperation between like-minded British and other European political forces.

What Policy Choices Will the UK Itself Make as Regards Its Future Relationship with the EU?

All the above is, of course, very dependent on the policy choices made by the UK itself as regards its own post-Brexit position. Does it wish to remain close to the EU through an EEA-type relationship or through membership of the Customs Union (or "a" customs union or customs partnership which might be less all-encompassing than the above). Could it be through some other form of "regulatory alignment" (as promised in the Irish border context in the Joint EU–UK Report of December 2017), and what might this imply?

Does the UK wish, instead, to maximise its own autonomy from the EU and to seek very different trade deals with other countries that might lead to considerable regulatory divergence from the EU? Would such deals, if they could be successfully negotiated (and over what time frame?) compensate for the UK's weaker trading relationship with the EU?

Moreover, what conditions would be demanded from the UK in the course of such trade deals? Would they require a lowering of UK standards and a consequent divergence from EU rules, with major consequences for any EU–UK trading arrangement, and, in particular, for the Irish border question.[8]

[8]This whole issue is the subject of a detailed set of slides from the EU Taskforce on negotiations with the UK, "Internal EU 27 Preparatory Discussions on the Framework for the Future Relationship, Level Playing Field", published on 31 January 2018 and looking at the situation as regards taxation, state aids and environmental and labour standards.

An even wider question is posed than that of the UK's future trading relationships. During the referendum campaign, some of the liberal internationalist advocates of Brexit appeared to advocate a Singapore-type model for the post-Brexit EU, with less bureaucracy and red-tape and, by implication, lower social, environmental and other standards. Brexiteers have continually spoken of the "opportunities" opened up by Brexit. The most obvious way to do this is to lower corporate and other tax rates in the UK, relax EU state aid rules, and to lower environmental[9] and labour protection rules in order to lower costs and gain competitive advantage for the UK.

Is this even feasible in terms of domestic UK politics? There is likely to be a highly negative reaction from most UK opposition parties to the lowering of regulatory standards (with the possible exception, on the Labour left, to the relaxation of state aid rules). Even the Conservative party would seem to be divided on this, as some of its leaders (including Michael Gove), and at times the Prime Minister herself, have advocated a "Green Brexit", which would be hard to reconcile with the liberal internationalist dream.

Looking at specific policies, will the UK again seek a cheap food policy (one of the original arguments of those who did not want the UK to join the EU in the first place). In this context, would UK consumers be prepared to accept the wider importation of GMOs, beef with hormones, or chlorinated chicken, in return for cheaper food and, in particular, for any US trade deal (in itself made considerably more difficult as a result of President Trump's expressed views and recent actions on trade deals and on "America First")?

What will happen to EU access to UK fishing grounds? Restricting such access would be very popular in traditionally Eurosceptic UK fishing ports (even those in Scotland), but what new markets would be found for "British" fish? Fewer EU fishermen could come into UK fishing grounds, but trade in fish between the EU and the UK, which is currently much more balanced than most other forms of trade, could be seriously harmed.

One of the most important questions of all is how the rhetoric of a truly global Britain can be reconciled with the more closed, nationalistic

[9]The EU negotiating team document on a "Level Playing Field" (op. cit.) calculates, for example, that UK industry could make huge direct savings by reducing EU emission standards.

and anti-immigration attitudes of many of those who voted for Brexit? Are restrictions on freedom of movement the reddest of red lines, and how would they be determined in practice? Who will carry out the jobs currently carried out by immigrants (not least within the UK National Health Service)? Will immigrants from non-EU countries replace many of the EU workers, or will the mere perception of UK control over migration policy be enough to convince the sceptics? What will happen during a transitional period?

Another difficult set of issues relate to the mechanisms both for joint monitoring and control and for legal enforcement of any framework agreement between the EU and the UK, including the ongoing role of the European Court of Justice, another key red-line issue for most Brexiteers. Can a compromise be found on this issue, most urgently in connection with any transitional deal, but also with regards to any longer-term deal?

Moreover, what will be the UK's future attitude towards other European human rights mechanisms, including the European Court of Human Rights, which is a Council of Europe rather than EU-related Court but one which has been subject to strong criticism by a number of Conservative politicians (including by Theresa May when she was Secretary-of-State at the Home Office)? If the UK did opt out of the ECHR it would be in very lonely European company—with Belarus being the only significantly sized European State that is not a Council of Europe member!

Certainly, the Conservatives and Labour Parties have very different views on all these and other issues, both between each other and even within their own parties.

These choices will have to be confronted both in the context of the Brexit negotiations between the EU and the UK and of the future EU–UK relationship,[10] as well as in terms of how the UK sees itself in a post-EU era.

They will also, however, have a major bearing on the post-Brexit EU, and whether there is to be a relatively close and harmonious relationship with the UK, with similar, if not identical, norms and standards,

[10]Possible regulatory divergence is going to be one of the key issues in such negotiations, where the EU is likely to push for the inclusion of a "non-regression clause" on regulatory standards on the lines of that included in the EU–Japan Trade Agreement.

or whether there will be sharper divergence and greater tensions in the future. The question of the Irish-Northern Irish border, and whether any longer-term framework will be compatible with the "regulatory alignment" clause in the December 2017 EU–UK Joint Agreement, is one key manifestation of this problem, but there are also many others.

Whatever happens, the UK will remain a key partner for the EU, but there has been very little real debate so far on the possible parameters for such a relationship, beyond a wish that it should not just be about economics and trade but also about other issues such as security and the shared fight against terrorism.

And What if the UK Changed Its Mind About Leaving the EU?

At the moment of writing (early March 2018), the idea of the UK changing its mind and deciding that it would not follow through with Brexit after all, does not seem to be very likely, although it is still supported by many "Remainers" in the UK and also by some in other European countries, particularly in Ireland which is the most directly affected EU member state.

The politics of this, however, appear to be very difficult. The vast majority of Conservatives, whether they were Remainers or Leavers, want to implement the original referendum result and are primarily divided on whether they want a Hard or Soft Brexit. The Labour Party has opted for "constructive ambiguity" on the matter and with no clear majority for a reversal of the original referendum, partly because some of its members support Brexit or at least can live with it and partly because so many Labour constituencies voted heavily in favour of Brexit. Labour does, however, appear to have a much larger support-base for a soft Brexit. Only the much smaller Liberal Democrats and the Scottish Nationalist Party (SNP), as well as the Welsh Nationalists and the Greens seem more in favour of reversing the original result.

Whatever the politics, the emphasis so far in the debate on this matter has tended to be on if and how it might happen. For example there has been debate on the question of whether an Article 50 letter can be revoked by the country tabling it (lawyers are divided on this, although a majority as well as its original draftsman, Lord Kerr, believe that it could be) and debate also on the possible mechanisms for reversing the original

referendum result (almost certainly as a result of a second referendum not on the original question but on the outcome of the negotiations).

There has been much less debate, however, on some other related questions, including: on the conditions which might apply to any UK change of mind; on how other EU countries would take it; and on the longer-term consequences for the UK's own position in relation to the EU.

In the course of its 45 years of EU membership, the UK has managed to negotiate a considerable number of special conditions, opt-outs and derogations. Amongst these were its budgetary rebate, negotiated with great fanfare by Margaret Thatcher's government, the UK's opt-in, opt-out status in Justice and Home Affairs matters, as well as the non-participation of the UK in the Euro project and also in Schengen. If the UK changed its mind, and decided to stay in after all, would it be able to re-create all these special conditions and perhaps others. Changing its mind on EU membership would already be a highly divisive matter within the UK, but abandoning some of the special conditions negotiated by Margaret Thatcher, John Major and others, could be even more controversial.

How would the other EU countries take such a UK change of mind? The analysis above has shown that both public opinion within and the governments of other EU member states have deeply regretted UK departure from the EU for a wide variety of reasons. Moreover, a number of EU leaders, such as Macron, have expressed sympathy for such a change of mind. The UK's remaining within the EU would be a powerful symbol of the enduring role of the EU, and a warning of both the complexity and the potential negative consequences of leaving it. The fact that the alternatives to EU membership, such as the EEA model, the customs union, a Canada-style trade deal, or a reversion to simple WTO rules all have disadvantages have implications not only for the UK but also for other EU countries as well.

On the other hand the developments since the referendum have also helped to entrench positions and to create more difficult relations not just at overall EU–UK level, but also at bilateral level, such as between the UK and Germany and even between the UK and Ireland. These could be again patched together if the UK changed its mind, but it might take some time. The real test of the EU's attitude towards a UK change of mind, however, would be in its reaction to the maintenance of

its existing special conditions and opt-outs or even for new UK requests, perhaps particularly linked to the free movement of people, to red cards for national parliaments, or to some of the matters covered in David Cameron's renegotiation in early 2016. These would clearly all be problematic for other EU member states.

Above all, if the UK did change its mind, its reliability as an EU partner would certainly be in question for a considerable period. The UK's views on any future EU initiatives would be regarded with some suspicion. In particular, any revival of UK legislation to provide UK referendums on any further transfer of competences to the EU would seem to most other members to be a potentially insurmountable barrier to further EU integration. Whilst a few other member states might welcome this, most, including Germany and France, would not like to have their hands so tied.

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CHAPTER 8

EU Policies and Priorities in a Post-Brexit Era

Abstract This chapter looks at the possible impacts of Brexit on specific European Union (EU) policies and priorities. It concludes that there are unlikely to be fundamental shifts. Policy areas such as development of the single market (notably the digital single market), further progress on the capital markets and banking unions, on the energy union and on fighting climate change, will continue to have broad support. Defence cooperation will be given a higher emphasis than before. Divisions will remain, however, in many areas, including the general direction of macro-economic policy, the approximation of taxation, the extent of EU solidarity, practical measures to distribute the burden of migration, and the nature of EU foreign policy—in particular in its Eastern Neighbourhood, the Middle East and the Mediterranean.

Keywords Budget and own resources · Economic and monetary policy Single market · Social policy and migration · Other EU internal policies EU external policies and enlargement

Earlier chapters of this book have shown that there are some obvious institutional and other impacts of Brexit on the European Union (EU). The initial reactions within most EU member states and the EU institutions have been to defend the EU and its role and values, and to come up with a common stance on the Brexit negotiations.

On the other hand, the future direction of travel of the EU is still very unclear. It is particularly difficult to predict the impact of Brexit on

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_8

specific EU policy areas. In the absence of the United Kingdom what new alliances of member states will be forged on particular issues? Will policy arguments shift in one direction or another, which policies will be given greater emphasis, and which ones downplayed?

The chapters above have shown that the majority of member states appear to support a cautious and pragmatic approach to the development of EU policies, with a preference for tackling a few big policy themes rather than taking on too many smaller ones. The Leaders Agenda put forward by European Council Donald Tusk outlines a shorter term policy agenda for the EU to consider. The Joint Commission, Council and EP Declaration on the EU's legislative priorities for 2018 and 2019 give another indication of shorter term priorities.[1]

These priorities, however, tend towards a unity of the lowest common denominator. Some EU leaders, notably Emmanuel Macron, would like to go much further, whereas others seem happier for the EU's policy portfolio to stay much as it is. There are also many areas where there are real differences between the member states, between richer and poorer Member States, between net recipients and net contributors to the EU budget, between advocates of fiscal discipline and those who seek less "austerity" and more expansionary economic policies, between advocates of greater EU solidarity and those who feel that this would be too costly, and between supporters of more liberal and of more conservative values. Some difficult policy choices will thus have to be made.

This chapter reviews these broad post-Brexit policy options that are faced by the EU. It looks first at the possible impacts of Brexit on specific policy areas and second at the extent to which they are likely to unite or divide the Member States, or on which compromises might be reached. It does not aim to be exhaustive, but to give an indication of some of the choices that will have to be made.

The Budget and Own Resources

The impact of Brexit on the EU budget is both obvious and significant. Arguments over what the UK would owe the EU, not least over the remaining period of the Multi-Annual Financial Framework (MFF) until 2020, have been one of the more difficult subjects in the first phase

[1] See Chapter 4 above.

of the Brexit negotiations. An initial compromise was found in the joint EU–UK report of December 2017, but its exact incidence is still unclear.

Whatever the final outcome, however, UK departure from the EU will leave a big hole in the EU budget (recently estimated by the European Commission as in the order of €9 billion). In the absence of any corrections, this would lead to net contributors having to pay even more and net recipients to receive less. Some difficult strategic questions will thus be posed, concerning both the future of the EU budget and of own resources for the Union.

The UK has always been one of the main advocates of a rigid ceiling to the EU budget of not more than 1% of GDP, and David Cameron was one of those taking particular credit for having cut the budget for the last MFF.

The Commission is now arguing that this 1% ceiling should be somewhat relaxed. President Juncker has stated[2] "*We need more than 1 percent of European GDP, quite clearly, if we are to pursue European policies and fund them adequately*", Budgets Commissioner Oettinger, has also called for a revised level of 1.1 or 1.2% of GNP.[3] He has argued that the budget should be adopted in function of the objectives set, and not the objectives in terms of an artificial ceiling. "*We need to agree first on objectives, what we want*", he said. "*From there, we will be able to see how to provide the financial means*".

The more likely choice, however, will be between maintaining the existing budget or cutting it, thus pitting the net contributors against the recipients, the latter of which include the poorer central and eastern European countries, all of which are recipients of cohesion, structural and agricultural funding.

Initial decisions will soon have to be made concerning the successor to the current seven-year MFF. Proposals are now being made that a new MFF should only last five years, and be better linked to the five year European Parliament and Commission cycles Decisions on the new MFF will be of critical importance as they will be decisive as regards the structure and scope of all EU funding, and of all the big spending programmes.

[2]At a conference on 8 January 2018 on the future Multiannual Financial Framework (MFF), cited in Herszenhorn, D., Politico of 8 January 2018.

[3]At a news conference in Brussels on the MFF ON, 10 January 2018.

The future of EU regional and social cohesion policies will be particularly important in this context. Transfers from these funds are fundamental for the poorer EU countries, but the countries which joined the EU in 2004 and subsequently, have received proportionately lower transfers than earlier accession countries like Ireland, Greece, Spain and Portugal. Brexit will clearly worsen this situation, with cohesion funding a candidate for lower spending in the future. A key question, therefore, is the extent to which the various forms of EU cohesion funding will continue at a high level, and in what form.

Another and growing area of EU spending is that on Research and Development, which is considered important by all Member States and likely to take up a larger part of the future MFF. Other substantial EU spending programmes are discussed separately below.

In addition to EU spending programmes, the own resources side of the equation will also have to be tackled. The High Level Group Report on this subject,[4] drawn up under the chairmanship of Mario Monti is an important reference document in this context, with the report arguing that there should be greater reliance on truly European own resources, from a European Financial Transaction Tax (FTT) or other source, rather than from national contributions.

In the longer term, there are compelling arguments for the current constrained budget to be considerably increased: the McDougall Report,[5] ironically penned for the Commission by a chief economist of the Confederation of British Industry, argued as far back as the 1970s for a pre-federal budget of around 3% of GDP but this looks highly unlikely in the current political climate. I will come back to this in the final chapter.

Overall Economic Policy

The overall direction of EU economic policy will be another key battleground over the next few years, in particular, between tight fiscal (austerity) policies 'versus' more expansionary policies. The absence of the UK

[4] Future Financing of the EU. Final report and recommendations of the High Level Group on Own Resources, December 2016.

[5] The Report of the Study Group on the role of public finance in European integration, volumes 1 and 2 (April 1977), Brussels, prepared by a group of independent experts set up by the Commission known familiarly as the McDougall report, and still very much worth the read.

will probably lead to a slight shift in favour of the latter, although fiscal hawks in such countries as Germany, the Netherlands and Finland are likely to resist any major changes.

Another division will be between the advocates of liberalism and globalisation 'versus' those supporting more statist policies. The UK was always a powerful supporter of the former, but there does not appear to be a major shift of emphasis on this set of issues, not least because more statist views have often been particularly prevalent in France, whereas President Macron appears to take a somewhat different and more liberal line.

A continuing emphasis on boosting employment and economic growth and on the extension of the Juncker Investment Plan is highly likely It is unclear, however, what will happen to the commitment to the competitiveness, liberalisation and better regulation agendas in the absence of the UK, one of their main advocates, although they are likely to retain strong support in Germany, the Netherlands, Ireland and the Nordic countries.

Particularly problematic for Ireland and for certain other member states would be an enhanced emphasis on tax harmonisation or approximation. This is supported by the Commission and by some of the bigger member states such as France, and is a good example of an issue where certain Member States have hidden behind UK opposition to EU action in the past.

There is certainly more general support for tackling tax avoidance by multinationals but less for such measures as approximation of corporation tax levels or even for a common consolidated corporate tax base. Those countries opposed to such taxation measures argue that this should remain a matter of national competence, that peripheral countries need to be able to compensate for geographical disadvantage, that a federal state like the United States does not harmonise such taxes between the individual states, and that, where very real abuses need to be tackled, this should be done at international rather than at EU level.

The Euro and Eurozone Reform

Eurozone reform has had a high priority in recent years, in the aftermath of the economic crisis and of the need to build further on the steps that have already been taken. Brexit, however, will have a considerable impact on this policy area because the balance of power between the 19 "Euro-ins" and the 8 "Euro-outs" will be altered by the departure of the largest

member state outside the Euro, and will shift considerably in favour of the former. The latter, which include countries such as Poland (the 5th largest EU country after Brexit), Sweden and Denmark could feel increasingly marginalised by Eurozone decision-making affecting them. They will thus seek to have a meaningful say, a matter on which the UK had always attached great importance.

Attitudes to the Euro have varied considerably amongst EU member states, not just in those Member States that have resisted joining but even within countries which have adopted the Euro. Over time, anti-Euro voices have become stronger in some of the countries within the Eurozone, notably France (as shown in Marine Le Pen's campaign for the Presidency) but perhaps above all in Italy, where the Five Star Party, the largest single party in the Italian national elections of March 2018, has, in the past, been very critical of the Euro and advocated a referendum on the subject. In general, European public opinion still seems supportive of the Euro, even in Italy though it is weaker here than elsewhere (the 2016 IFOP/JJaures/FEPS survey cited above[6] found that those who did not wish to go back to national currencies included 75% of Belgians, 71% of French respondents, 69% of Spaniards, 67% of Germans but only 57% of Italians).

For the foreseeable future, however, and particularly as the Eurozone economy has begun to recover and outperform some other economies, there is unlikely to be a direct challenge to the Euro. That said, there will certainly be a push to strengthen Economic and Monetary Union through improvements in the management of the Eurozone, and moves towards reinforced economic, financial and fiscal union. Some such moves were outlined by the Commission in steps proposed by it December 2017.[7] These steps included: the conversion of the European Stability Mechanism (ESM) into a European Monetary Fund (EMF); the creation of a post of Eurozone Minister of Economy and Finance (who would also be a Vice President of the European Commission and Chair of the Eurogroup); the incorporation of the Intergovernmental Fiscal Compact into EU law (the Pact is currently intergovernmental because David Cameron would not agree to it: the Czech Republic and

[6] IFOP, Fondation Jean Jaures, Fondation Européenne d'Études Progressistes, Juillet 2016, "Les Européens et le Brexit", op. cit.

[7] European Commission: "Completing Europe's Economic and Monetary Union-Policy Package", 6 December 2017.

Croatia are also outside it); a new stabilisation tool at EU level to protect EU economies from asymmetric shocks; and other funds for structural reforms from the EU budget.

These are significant proposals, but they leave a number of key questions unanswered, including on whether there should be greater fiscal flexibility (let alone the even more controversial mutualisation of debt) and/or whether there should be a meaningful Eurozone budget.

On all these matters, plus the related matters of the completion of the Banking Union and the Capital Markets Union, there are clearly significant divides between the Member States, not least between northern and southern countries and between the vision of Macron in France and the more cautious approach of Germany. The European Commission is constantly trying to mediate between the national differences.[8]

Trade Policy

Another key question for the EU relates to the nature of future EU trade policy, made more complicated by the much more critical attitude towards free trade that has been adopted by President Trump, which directly challenges one of the traditional pillars in transatlantic relations. The mooted Transatlantic Trade and Investment Partnership (TTIP) had been a high priority, but the chances of its successful negotiation have been undercut both in the light of Trump's negative views towards such trade deals but because of popular opposition in Germany and a number of other EU countries on such issues as investor protection mechanisms.

Brexit adds further complications to this issue. The EU will lose one of its primary advocates for global free trade, and further uncertainty will be caused by what will happen after the date of Brexit when the UK might no longer be bound by the EU Customs Union and by all the many existing EU trade agreements which include the UK. Being able to negotiate new free trade agreements has been one of the key objectives of the Brexiters, and the issue of whether EU regulatory standards will be undercut by any new UK trade agreements will continue to be an

[8] An eloquent analysis of some of the policy contradictions, and of possible consequent problems ahead for the EU is contained in Barry Eichengreen's Letter from America "Is Renewed EU Optimism Justified?". *Intereconomics*, vol. 53, January/February 2018, no. 1, pp. 47–48.

important question in the ongoing Brexit negotiations, and likely to be reflected in any EU/UK framework agreement.

In the meantime, the EU will continue to push ahead with its own new trade agreements to follow up those recently entered into with Japan and Canada. EU agreements with Mexico and Mercosur are current priorities, but are by no means straightforward, and trade agreements with Australia and New Zealand will also be explored. Even without the UK, a majority of other EU countries feel strongly about the need to maintain this objective of free trade.

Across this whole area of policy, the EU will thus have to confront a set of difficult choices and trade-offs, concerning the extent to which it continues to be a champion both of global free trade and of high regulatory standards whilst maintaining its global competitiveness. The EU will also have to come to terms with those fears about globalisation that have helped to fuel populist concerns in many EU countries.

Strengthening of the Single Market

Of all EU policy areas, this has perhaps been the one most associated with the UK, not least when the 1992 Single Market Programme was backed by Margaret Thatcher in the 1980s and driven forward by British Commissioner Lord Cockfield. Prospective UK departure from the EU, however, does not appear to be undercutting this as a general EU objective, and it still appears to have very wide support across the whole of the EU.

Under practically all scenarios for the future (not least all of the five objectives identified in the White Paper of the Commission[9]) this will continue to be a high priority for the Union. Indeed, the most minimalist of the White Paper options (Scenario 2) is entitled "Nothing but the Single Market", but all the other scenarios contain a strong commitment to this objective. This seems to be an EU objective which wins support even from those wary of further EU integration. The Visegrad statement on the Future of Europe[10] is a good example of this: "*Preserving and enhancing the integrity of the Single Market is and should remain a key priority as well as its further development and adaptation to the challenges of the digital era*".

[9] European Commission White Paper on the Future of Europe, op. cit.

[10] V4 statement, op. cit.

Extension of the Digital Single Market is indeed given a strong emphasis in most overall EU policy statements and was the subject of the Tallinn Digital Summit of 29 September 2017, organised by the then Estonian Presidency of the EU. "*As the world economy is rapidly becoming digital and data-driven, we need a connected European Digital Single Market. Only then will the EU be able to shape the digital transformation and maximize its benefits*".[11]

There is clearly EU agreement on Single Market consolidation in general terms but the details can often be more difficult and national protectionism, notably in such areas as provision of services, recognition of professional qualifications and public procurement, can be very hard to sweep away. Moreover, the Single Market, as the Brexit process reminds us, is about all four fundamental freedoms, implementation of which have often been very controversial. The specific issue of one of these four freedoms, that relating to free movement of persons, is of such importance in the context of Brexit that it is discussed separately below.

The Free Movement of Persons

The ability of EU citizens to move freely within the EU, and the accompanying right to work in other EU countries, are of fundamental importance in the EU legal order. After the Brexit referendum in the UK, resentment at the right of EU citizens to move freely, to, and to work in, the UK, emerged as one of the key factors in explaining the outcome of the vote.

The UK government has since interpreted this as the need for control and for restrictions on immigration from other EU countries and as a reason for the UK not participating in the European Economic Area (EEA). The EU, for its part, has maintained that the four freedoms should remain indivisible, and that the UK cannot maintain the other three freedoms of goods, services and capital without also accepting freedom of movement. This issue is also emerging as a potential problem during any transition period. The respective rights of EU citizens in the UK and of UK citizens in the EU, and the ways in which they are managed, will be key features of any longer term EU–UK relationship.

[11] V4 statement, op. cit.

The freedom to move to and work in other EU countries has posed other political challenges besides that of Brexit. In particular, there are the impacts on EU labour markets of much cheaper workers from the central and eastern European Member States, and the sensitivity on such issues as the EU Services Directive and the various iterations of the Posted Workers Directive. As is shown below in the section on social policy, defence of this principle is felt to be of particular importance in the newer Member States. There is a reminder of this in the V4 Statement[12] when it warned that "*the free movement of workers and services constitute just as important pillars of the Single Market as the movement of goods and capital.*"

The wider issue of free movement of persons is also linked to that of the sweeping away of EU borders. This is associated, in particular, with the Schengen Treaty between a number of EU countries and its subsequent geographical enlargement and consolidation, so that it now covers 22 of the EU Member States as well as the three EEA countries (Norway, Iceland and Liechtenstein) and Switzerland. The big exception, of course, has been the UK, meaning that Ireland too has not been able to join, although the two countries have their own Common Travel Area, a sort of mini-Schengen.

Brexit will not have an immediate impact on Schengen, although it will further complicate border controls between the UK and other EU countries, an especially serious matter for Ireland, with its 500 kilometre border with Northern Ireland and with its additional high dependence on the transits of goods through the UK.

Besides Brexit, the Schengen agreement has been also been put under great strain by the migration crisis from outside the EU (see below) as well as the problems caused by terrorism and lack of internal security. Populists in countries such as France, Italy and the Netherlands have emphasised these problems, and the need to put their own nationals first, as well as mooting the possibility of re-establishing internal EU border controls So far, EU governments have strongly emphasised the four freedoms and resisted these pressures. How this situation will evolve in the future will be of great importance, as the unrestricted freedom of movement is of such symbolic importance for the EU.

[12]V4 Statement on the Future of Europe, op. cit.

Better Regulation

As noted above, the UK has often put a high priority on improving EU process as well as policy substance. In this context, the better regulation agenda has been one area where the UK has been at the forefront, including seeking to improve the quality of legislation, better legislative forward planning, the development of enhanced impact assessments, an emphasis on transposition, as well as on proper implementation and enforcement of EU laws. Will these objectives be as vigorously pursued in the future, in the absence of the UK? It is too early to say for sure, but the UK seems to have had enough allies in these objectives for them to be followed up in the future.

Donald Tusk's Leaders' Agenda, for example, is a very pragmatic instrument for future agenda setting and planning. Moreover, Tusk has also put a strong emphasis on the need for proper implementation of decisions that have been taken. In his letter to EU leaders before the European Council of October 2017 he reminded them that "*many of you insist on a rigorous follow-up of our meetings to ensure that decisions are properly implemented*" and that, at the Bratislava European Council, "*we agreed to intensify our focus on implementation by deciding that the Head of State or Government representing the Presidency would report on progress at every ordinary meeting of the European Council*". He also enclosed a document on "the Bratislava Roadmap-One Year On", which went through each item, and whether progress had been made. There thus still seems to be a real commitment to this objective.

Social Policy

One of the questions which will be at the centre of future debates on the EU is the extent to which its social dimension will be reinforced. Unlike the single market, this has been an area where the UK has often seemed to be hostile to EU initiatives, as in John Major's opt-out from the Social Chapter and in UK opposition to a large number of proposed EU social directives, such as the Working Time Directive.

The "social" component of the "social market economy" and the concept of "solidarity" have received less emphasis in EU policy-making in recent years. Concerns about the impacts of the economic crisis, weaker public support for the single market because of its perceived negative social consequences, the uneven distribution of wealth between richer

and poorer EU countries, regions and social groups, and even the need to respond to populists of the left and right, indicate that these objectives may again come more to the forefront. Whilst most associated with left-of-centre politicians it is by no means their exclusive preserve, as shown by the attention given to social policy by a right-of-centre government such as that of the Law and Justice Party in Poland.

This has also been identified in the Commission White Paper as one of the areas where groups of countries might work together in enhanced cooperation on common social standards. The White Paper looked at some of the merging challenges in this field and examined the advantages and disadvantages of three main sets of choices: to leave more to national competences, to provide for enhanced cooperation on social measures only amongst willing countries, and to have a more far-reaching and unified set of social policies at European level. There may thus be a greater emphasis on social Europe, but what practical form this might take is still unclear.

This area of policy was the subject of a special European Council Summit in Gothenberg in November 2017 which adopted a Pillar of Social Rights.[13] The rights that were identified were e rather general in nature, with 20 underlying principles set out in three chapters: one on equal opportunities and access to the labour market; another on fair working conditions; and the final one on social protection and inclusion.

In theory, a greater emphasis on social policy objectives should be facilitated by Brexit. In practice, however, this could still be a battleground between western and central and eastern countries, with differences over higher or lower wages and working conditions being seen respectively as undercutting workers in the former or as facilitating competitiveness in the latter. What is seen as unfair competition and "social dumping" in some western countries is seen as simple protectionism in many central and eastern European countries, such as Poland.

The issue of flexibility of labour markets is another issue which divides EU countries, with fears in some countries, such as Italy and France, that such flexibility will undercut workers acquired rights. Disputes over the right balance to strike on such matters will probably not be greatly affected by Brexit.

[13] "European Pillar of Social Rights" solemnly adopted by Council Commission and Parliament.

Energy, Environmental and Climate Change Policies

These are all areas of considerable concern for EU citizens,[14] and ones where the UK has played a significant role in EU policy formulation in the past, but the impact of Brexit in these areas is rather unclear.

There is likely to be continuing strong support for increasing Europe's energy security, reducing dependence on an unreliable Russia and stimulating renewable energies. Brexit will, however, have a particularly serious impact on Ireland because of its gas and electricity interconnections with the UK and the existence of an all-Ireland electricity market for over 10 years. Ireland will thus be very dependent on UK decisions, and will have to seek enhanced interconnection with France and other EU countries.

As regards climate change, the UK had been a firm defender of measures in this area, but these currently seem unlikely to be watered down in its absence Poland has continued to defend reliance on fossil fuels, notably coal and has been more cautious on climate change policy, but the EU as a whole is likely to maintain its priorities of the last few years.

Strengthening of other environmental policies might be more problematic, as support for such measures fluctuates considerably in response to economic growth or slowdown. As pointed out above in Chapter 7, considerable attention will also be paid to future UK policy in these areas, as the EU will not wish to see its competitiveness undercut by lower UK standards.

Agriculture and Fisheries

Finally, the implications of Brexit for EU agriculture and fisheries policies will also be very considerable. EU political support for the Common Agricultural Policy (CAP), always severely criticised in the UK, could be reinforced in the absence of the UK, but practical application of this will depend on what happens to the EU budget and on other factors. France, for example, has always been the most vocal supporter of the CAP, but President Macron has given some indications that he might give it a somewhat lower priority in the future in comparison to some other EU

[14] Especially in certain Member States; as pointed out above in Chapter 3. Climate change is the second highest area of EU policy concern for Swedish citizens, cited by 37% of its citizens (see Standard Eurobarometer 88, op. cit).

objectives, such as on R. and D. Brexit will also mean that a number of Member States will be losing a major market for their exports, such as Ireland for its beef and dairy products, the Netherlands and Denmark for their pork. This is a policy area which will be particularly dependent on the choices that will be made by the UK, and how close or far they will be to the status quo.

In addition, EU–UK negotiations in the fisheries sector, particularly sensitive because of the wish to gain greater control over coastal waters on the part of UK fishermen while also retaining access for UK fisheries-products to EU markets, will have major implications for the future of the Common Fisheries Policy.

Immigration

After Europe's uneven but real recovery from the economic crisis, the question of immigration has emerged as the single most important concern of EU citizens, along with the fight against terrorism (see the discussion in Chapter 3 above). This issue has also been of concern in the UK, although there, in the referendum campaign and its aftermath, it seemed to centre more on intra-EU migration than on the immigration from non-EU countries that has proved to be so sensitive a matter elsewhere in the EU.

Almost more than any other issue, this latter has polarised debate both within and between the EU Member States. In some countries, such as Germany and Sweden, large numbers of non-EU migrants have been accepted and have had a considerable impact on their internal political debate and on the rise of anti-system parties. In other EU countries, such as the Visegrad countries, there has been an almost complete reluctance to accept any of the migrants. Finally, some other countries, notably Italy and Greece, and to a lesser extent Spain, have been on the front line of the migration wave, have had to absorb large number of migrants, and have felt that they have received very little EU solidarity in this crisis. The issue has thus been present in many European election campaigns, such as those in the Netherlands, Austria, Germany (with the rise of the AfD), Italy, in Central and Eastern Europe and even in some of the Nordic countries.

Along with these differing national realities, there has been a wider debate on the extent to which Europe should be open or closed, a

choice graphically illustrated in the public discourse during the French Presidency run-off between Emmanuel Macron and Marine Le Pen.

The ways in which this issue (as well as some linked security concerns) will be tackled at EU level is going to be of fundamental importance for the future. There is broad agreement that this is one of the key issues facing the EU. Some of the necessary policies and proposed reforms seem to be widely supported, although their implementation will not be easy. What new common rules should be adopted on asylum, and how can the much criticised Dublin III Regulation governing applications for asylum be reformed? How can differentiation be made between genuine asylum seekers, and illegal and economic migrants? What roles should there be for a stronger European Counter-Terrorism Agency or a European Border and Coast Guard? Can financial and other arrangements with Turkey, Libya and other African countries have a real impact on migration flows, are they sustainable (not least with regard to a deeply unstable country like Libya), and, if so, will they be adequately financed and monitored into the future? Many other questions are posed, such as what measures are required to enhance European internal and external security, and how can these be reconciled with civil liberties considerations?

Two related issues will also have to be confronted. What, if any, solidarity will be shown to those countries, in particular Greece and Italy, which have been on the frontline of the migration surge, but feel (with much justification) that they have not had sufficient support from other EU countries, at the same time that they have been criticised for their economic policies? In February 2018, this came even more to the fore in Italy as a result of an attack on African immigrants in Macerata in the run-up to the March 2018 Italian elections, in which immigration was an absolutely central issue.

Second, what are the future prospects for any revised migrant resettlement plan aiming for a more equitable sharing of the burden between EU member states? This is a matter of great sensitivity in all EU member states, but one that has been particularly resisted in certain Central and Eastern European countries. For the latter, the problem is defined almost entirely as one of preventing migratory pressures into Europe and of adequate external border controls rather than of re-distribution of migrants once they have made it into Europe. It was put in colourful language by Czech politician Andrej Babiš, in an interview with

Politico[15] who said that "*These quotas are dividing Europe and are ineffective*", "*It's a problem mainly for the image of Europe in the eyes of our citizens and it's a pity because of course Europe is an excellent project*".

He went on to say[16] that the EU should be like the home village of cartoon characters Asterix and Obelix—with those inside free to trade and move around but strong defences to keep out unwelcome outsiders.

Foreign Policy, Development and Defence Issues

The EU's future projection to the outside world is also of key importance. Many of those who believe that the EU needs to re-focus on some core tasks argue the need for a much more unified European foreign policy and for much stronger defence cooperation, perhaps even leading to a European Defence Union. The UK has had distinctive foreign policy positions, has the biggest military capacity within the EU, and has traditionally put more emphasis on NATO than on an enhanced EU defence capacity. Even assuming that defence and security matters are likely to be an important feature of any EU–UK framework agreement, what difference will the departure of the UK make to EU policies in these areas?

Again, many subsidiary questions are posed. Can the EU of 27 develop more common policies towards Russia and other countries in the EU's Eastern neighbourhood of Turkey, the Middle East, the Mediterranean and in Africa? These relations are going to be key in combating terrorism and the problems caused by migration, but EU countries often have very different perspectives and priorities on these issues.

How will relations develop with the US of Donald Trump, who appears to have a less favourable view of the EU than any other post-war President, has expressed sympathy for Brexit, is generally suspicious of multilateral institutions (even the WTO), and takes a very different view from the EU on many foreign policy issues such as the recognition of Jerusalem as Israel's capital or the nuclear deal with Iran?

How will relations develop with other global powers, such as India or China? The EU, even more so after Brexit, represents a smaller share of the overall world population and of world GNP, but how can it best maximise its influence in these new circumstances?

[15] Mortkowitz, S. and Gray, A. (30 January 2018), interview in Politico.

[16] As reported in the Politico interview, op. cit.

The EU is by far the most generous donor of development aid in the world, but can this be maintained in an era of increased populism and of constrained budgets?

Will the EU be able to move to greater defence cooperation in the absence of UK opposition, given that the EU will still contain many neutral countries, albeit often with many different conceptions of their neutrality? The fact that most EU countries, including neutral countries, have signed up to Permanent Structured Cooperation on security and defence (PESCO) is an indicator that broad EU agreement can be reached on certain measures in this field, but there are clearly limits as to how far such a process could go.

EU Enlargement

The question of further EU enlargement is another very important one in the light of Brexit. The UK has been particularly influential in promoting the EU enlargement process, and in thus facilitating the widening rather than deepening of the EU. On the other hand, the very rapid enlargement of the EU in 2004 and 2007 has posed a number of new challenges, bringing into the EU a number of poorer countries, often with less developed administrative systems, less rooted democratic structures and civic societies, as well as higher levels of corruption. Many of them are also more culturally conservative than other EU countries.

As a result of all these factors, enlargement fatigue has been strengthened, and even Croatian enlargement took a much longer time to occur. But, the EU continues to support the prospect of further enlargement, perhaps not least because it demonstrates the continuing power of attraction of the EU in the light of Brexit. However, Turkish accession now looks more unlikely than ever, and other possibilities like Ukraine or Georgia are not on the current agenda. The most probable scenario at present is that the enlargement process will be kept open, that it will primarily concern the countries in the Western Balkans,[17] but that it is likely to be a slow process. There seems to be little appetite at present for any rapid enlargement of the EU, even to compensate for the loss of an existing member state. It is not just a question of ticking boxes but

[17]With Serbia and Montenegro currently at the forefront: if they both eventually join and are followed by Bosnia, Macedonia (perhaps with a different name), Albania and possibly even Kosovo, (20% of the members of the enlarged EU might then consist of former component parts of the one single state of Yugoslavia!).

of assessing the EU's own real capacity to absorb new members, and the impacts on the EU's policies and also values.

Culture and Education

Jean Monnet is famously quoted as having said that if he had to start again with Europe he would begin with culture. The departure of the UK from the EU will probably mark a slight shift of gravity towards those who would like to reinforce this dimension of the EU, as this has never been a high UK priority. Moreover, a greater emphasis on measures in the field of education, building on the success of the Erasmus programme, could help to reinforce a sense of European identity or citizenship.

Macron's speech at the Sorbonne put a considerable emphasis on these points and it is interesting that the European Commission, in its contribution on strengthening European identity through education and culture[18] which was put forward to the Gothenburg Summit in November 2017, picked up on several of these ideas, although not on Macron's most sweeping idea of all, namely that young Europeans should spend at least 6 months in another EU country before the age of 25.

The Commission made six policy suggestions to EU leaders, including doubling the number of participants to the Erasmus+programme by 2025, setting the benchmark that by 2025 all young Europeans finishing upper secondary education have a good knowledge of two languages besides their own mother tongue, and seeking to ensure the mutual recognition of higher education diplomas and study periods abroad. The Commission would also propose strengthening the financing capacity of the Creative and Cultural Sectors Guarantee Facility, boosting the European dimension of Euronews, and working towards truly European universities, including the creation of a School of European and Transnational Governance hosted by the European University Institute in Florence.

The declaration of seven Southern European countries, at their 4th summit in January 2018,[19] put a considerable emphasis on some of these points. "*We need an enhanced mobility of young generations across Europe*

[18] "Strengthening European Identity Through Education and Culture, The Commission's Contribution to the Leaders' Working Lunch", Gothenburg, 17 November 2017.

[19] "Declaration: Bringing the EU Forward in 2018". (10 January 2018), Summit of the Southern European countries, Rome, op. cit.

and a more ambitious education and culture policy at the EU level". They went on to cite the need for a European student card, mutual recognition of secondary and higher education degrees and again the idea of European universities.

Other Policies

The EU has exclusive competences in some areas, shared competences in others, whilst in some areas the competence remains primarily at a national level. The widespread feeling is that the EU may be involved in too many areas, and that subsidiarity needs to be better applied. There also are concerns about over-regulation, which means that there could be a retrenchment in certain policy areas. This is reflected both in the Rome Declaration with the reference to doing less on small things, and also in at least two of the five scenarios for the EU put forward in the March 2017 Commission White Paper. Some of the areas which may need to be re-evaluated include areas such as sports or tourism policies, which have EU Treaty bases but very little EU funding, although they do have their strong advocates. A particularly complex area is health policy, of huge concern to citizens and primarily a matter of national competence but where there are important cross-border, research and other EU dimensions as well.

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CHAPTER 9

The Challenges Ahead

Abstract Besides the challenge of Brexit, with all its implications discussed earlier in this book, the European Union (EU) 27 is faced with a whole series of wider challenges, in particular those relating to its leadership and governance, the democratic accountability of the EU, the ways in which the EU is communicated to its citizens, the ways in which its values are defended, and the need to reinvigorate EU solidarity. This concluding chapter reviews each of these challenges. So far, the EU has successfully held together in the face of Brexit and indeed its economic prospects have improved since 2016. Whether it can now move beyond this and develop new energy and a clearer strategic vision is very much an open question.

Keywords EU leadership · EU governance · EU democratic accountability · Communicating with EU citizens · EU values · EU solidarity

Besides the specific policies that it adopts, the European Union (EU) 27 have to confront a whole series of wider challenges, in particular those relating to leadership and governance, democratic accountability of the EU, the ways in which the EU is communicated to its citizens, the ways in which its values are defended and the need to reinvigorate EU solidarity. These challenges are outlined below.

F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0_9

The Challenge of Leadership

The French National Report[1] in the New Pact for Europe series identified the "*EU lack of vision, leadership, common storytelling or solidarity at both national and European levels*" as being a key problem. The EU's chief Brexit negotiator, Michel Barnier, in a speech early in 2018[2] cited Belgian PM Charles Michel: "*We need leaders who give Europe the political impetus. It is the time for new resolve and this new resolve is more important than Brexit*".

It is clear that leadership is needed for EU 27 but from whom? The Founding Fathers of the EU (and they were indeed all "fathers") were far-sighted men with strong convictions, but the immediate post-war idealism has dissipated, and such a top-down approach would not work in modern circumstances. The Schuman Plan, for example, was the result of minimum consultation and maximum lack of transparency.

What is needed now is a much more inclusive and broad-based process. The Commission has advocated, and several countries have initiated citizens' consultations on the future of Europe, but organising them properly and involving the public, or even interesting the media, in such consultations is very complex. How many such meetings should there be and on how decentralised a basis, who will set their agendas, how can politicians and administrations best work with citizens, and how can any conclusions be factored into national and European decision-making processes? It is much easier to pose these questions than to come up with good answers to them.

And if the era of top-down decision-making has gone, this does not obviate the need for some form of leadership, if not to generate all the new ideas, at least to rekindle some measure of enthusiasm for the European project. Emmanuel Macron has sought to respond to this need, but he has been relatively isolated on this, and others must follow his example.

The Challenge of EU Administration

The early pioneers of EU integration put great reliance on a new generation of EU civil servants whose loyalty would be to the new EU institutions and who would help to develop this new Europe.

[1] New Pact for Europe. National Report France (September 2017), in conjunction with EuropaNova: Action pour une Europe politique.

[2] Barnier, M. (9 January 2018), Trends Manager of the Year 2017 event, Brussels.

The European Commission, in particular, would be an embryonic European civil service. Over time this vision has been diluted, not just through the development of other strong EU institutions but also by the recognition that an over-centralised EU would not work and of the consequent need for an appropriate balance between the EU institutions and the national governments and administrations. The concepts of "subsidiarity" and "proportionality" have been given greater emphasis in this context although they are essentially political rather than legal concepts.

It is, therefore, a key question as to how the EU will be run in the future, not just concerning the respective roles of the EU institutions and of national governments, parliaments and civil services, but also the interrelationships between them.

The Italian government[3] has mooted the creation of a school of European public administration, located on the island of Santo Stefano (next to Ventotene, the Robbens Island of European federalism, where Altiero Spinelli co-wrote the federalist Ventotene Manifesto). Will there be any follow-up to this initiative?

More fundamentally, what is the best way forward as regards mutual understanding between different EU countries and between their politicians, civil servants and opinion-formers? A well-run and effective European civil service is important, but is insufficient: there need to be much closer ties between national administrations as well. Should there be an Erasmus programme for national civil servants? This would be hard to implement for both linguistic and cultural reasons, but would do more to instil an understanding of other countries policies, cultures, constraints and general attitudes than any other initiative.

The Challenge of the EU's Democratic Accountability

Perhaps the biggest challenge of all is that related to the democratic dimension, or perceived lack of it, of the EU. It is often alleged that the existing EU has a "democratic deficit" and that it should become more open and transparent, and give more of a role to national parliaments and more generally to its citizens Are these concerns justified and, if they are, what practical steps might be taken?

[3]When Matteo Renzi was Premier in early 2017.

This is not the place to enter in detail into what is a massive subject in its own right. In fact the term democratic deficit is a misleading one, since the mechanisms for democratic control of the EU are there if there is the will to use them.

The European Parliament is far more powerful than it was. The national parliaments of the Member States also have a stronger collective role than they once did, and they can develop the tools for more effective control of the EU decision-making of their own national governments. There may indeed be some scope for enhancement of the powers of both the European Parliament and of EU national parliaments,[4] but this is relatively limited, and the real challenge is whether they can make the most effective use of their existing powers.

There is a "Brussels bubble", just like there is one in London or Paris (or Washington, DC!) but EU decision-making is often more open and transparent than in many of the individual member states. There has always been a spectrum of views amongst the EU Member States concerning attitudes towards openness, both in terms of public meetings and access to documents. The Netherlands and the Nordic countries have put a particular emphasis on open access to documents, whereas others, notably in southern Europe, have adopted a more restrictive attitude. Although, as mentioned before, the UK was more on the openness side of the argument, there are unlikely to be new restrictions as regards openness after Brexit and indeed there will almost certainly be an enhanced demand for it in the future.

As for more direct public involvement in EU matters, this is at an embryonic level of development through such instruments as petitions and European Citizens Initiatives and in some cases through national referendums, although the problems involved in their wider use have been well illustrated by the Brexit referendum. As mentioned above, some recent coalition government agreements have backed away from their use, as in the Netherlands. Meanwhile in Austria the OVP–FPO coalition agreement supports their use for certain issues but not on EU matters.

Rather than suffering from a democratic deficit, therefore, the EU's problem is much more one of a perceived lack of democratic legitimacy. This is partly because it is seen as more remote and unfamiliar than

[4]Some would like the latter to be given further powers. The V4 Statement of early 2018, for example, called for the introduction of a "red card" system for national parliaments, presumably to allow them to veto rather than merely block certain EU legislative proposals.

national, regional and local systems of government, but partly also for the many reasons that have been outlined earlier in this paper, such as the economic crisis, internal and external migration, internal divisions and lack of solidarity, all of which have helped to undermine citizens support for the EU.

The departure of the UK is unlikely to lead to any great change in this perception, although it has had some short-term positive effect on public support for the EU by reminding citizens of what they might lose if it fell apart. In the longer term, the only solutions lie, firstly in more effective tackling of the above problems, but secondly in promoting much wider public debate and knowledge on the EU and its objectives, values, structures and policies. Only then can the instruments for democratic accountability of the EU be more effectively used, and the EU's own legitimacy be really enhanced.

The Challenge of Communicating the EU to Its Citizens

The challenge of communicating the EU is thus of key importance, and should be developed at all levels, from first to third level education, amongst the general public, in local and regional as well as in national media, and increasingly in social media as well.

Getting the balance right will be very difficult. There needs to be promotion of: information on all the facets of the EU as well as a proper debate on the interrelationship between European and national (or regional) identities, values, programmes and policies. At the same time such information should not be perceived as propaganda, there is a need for honesty in debate, dissenting voices should be heard (as Nathalie Brack has argued in her 2017 book on "Opposing Europe in the European Parliament"[5]), and there should be frank admission of faults and problems, as well as of the advantages and successes of EU action.

There is a strong need for a more European debate, blending national and local narratives with European ones, but not completely neglecting the latter. Where can the balance be struck between Europe being perceived as foreign policy or domestic policy? Should European affairs be considered, for instance, in specialised European Committees in national parliaments or should they be "mainstreamed", instead, in the normal sectoral committees?

[5] Brack, N. (2017). Palgrave.

A particular problem is how to tackle the familiar "blame game", where the EU is blamed for all problems, and all positive decisions or results are seen as national victories. Perceptions often matter more than facts and emotions to realities.

Many valuable EU decisions are often highly technical and complex, but their practical impacts need to be better publicised. There is, of course, also a need for some visible and/or symbolic actions at EU level. The reduction and abolition of mobile roaming charges and the Erasmus Programme have perhaps been oversold but have been clearly grasped examples, because they have had such obviously tangible results. There is evidently a need for other such examples, for instance, a European Solidarity Corps.

All this could be very helpful but such developments are no substitute for the development of new European narratives. The original peace narrative for the EU remains powerful, but needs to be complemented by others, such as that of the individual EU countries representing a smaller and smaller proportion of world population and of economic resources needing to pool their strengths to count in the new global environment.

The Challenge of How Best to Defend the EU's Values

Another key set of questions relates to defence of EU values and human rights within the EU at a time when they are being challenged in countries such as Hungary and Poland. The EU has always been extremely reluctant to criticise individual member states, but should this change in the future, especially as regards the bigger issues but perhaps also on other matters as well? As argued above, the nervousness caused by Brexit may have made the member states even more reluctant to open up new divisions within the EU 27 and perhaps also to have helped to reinforce an existing tendency to paper over any cracks.

If EU 27 is to prosper in the future, however, the defence (and reinforcement!) of its values and of human rights within the EU, and not just in other parts of the world, will become of increasing importance. The lack of such a debate on values and principles in the UK Brexit referendum campaign was clearly a contributory factor in the negative result, not least because the idealism of many younger voters was not sufficiently mobilised.

The Challenge of Renewal of EU Solidarity

A final, and extremely important challenge, relates to the question of solidarity, and whether this can be rekindled at EU level. Many EU citizens have become Eurosceptic or even hostile to the EU because of a perception that they are being left behind and that the EU is good for some, but not for others. This will have to change in the future if the EU is to enjoy broad-based support of its citizens.

On so many matters there are underlying questions relating to the extent of EU solidarity: on the EU's migration crisis (will the states on the frontline be properly supported by others and to what extent will there be EU burden sharing and financial support?); on reducing disparities between the richer and poorer regions of the Union; and on tackling other social inequalities and on ensuring a better balance between the centre and the periphery and between the bigger and smaller member states. Transfer payments have been a feature of national polities (for example, the "Finanzausgleich" or equalisation payments between the richer and poorer Lander in Germany), so why not at EU level as well?

Another facet of this problem is whether there needs to be a better balancing of overall EU objectives, such as between economic, environmental and social sustainability, and between fiscal discipline and other economic objectives. It is ironic, for example, that the underlying objectives of the European Central Bank (ECB) are more restrictive than those of the US Federal Reserve. This was done to reassure Germans, in particular, that the new system would not be more lax than that of the German Bundesbank. There is no chance of providing for more balanced ECB objectives in the shorter term, but should this be reconsidered at a later date?

In the longer term, the rekindling of EU solidarity has clear implications for the size of the EU budget, and tackling the shibboleth of the 1% budget ceiling which has been so ingrained in recent years. National budgets are incomparably greater than this, and the EU budget will only remain a small fraction of national budgets for the foreseeable future. The European Commission has suggested a move up to 1.1% or 1.2% of GNP, but in the longer term a more substantial increase might have to be envisaged, perhaps even to the 3% level advocated in the report by the group of experts chaired by British CBI economist McDougall in the

1970s.[6] This would still be a tiny percentage of GNP compared to that of all national budgets, but would be a start. A move in this direction by the EU would be a sign that it is beginning to take the challenge of solidarity more seriously.

Overall Assessment

The continuing value of the EU has been reaffirmed by all the key actors, not only at EU institutional level, but also throughout the EU 27. The immediate effect of the UK referendum was to strengthen such a commitment.

Michel Barnier stated this forcefully in his speech to the Centre for European Reform on the Future of the EU[7]:

> "Brexit could turn out to be a turning point in the European project. Against the backdrop of global turmoil in an interconnected world, Europe is today more necessary than ever. The future of Europe is more important than Brexit".

> "For future historians, the year 2016-with the UK referendum, the change of power in Washington, geopolitical tensions, terrorist attacks and the rise of populist parties-will perhaps be seen as a time of awakening. 2016 could become the moment when the EU realized that it had to stand up for itself. And that nobody would do for us what we don't do to ourselves".

So far, the EU has held together in the light of Brexit, and its value is being defended. The common feature of the reactions within the Council, Commission and Parliament has been a reassertion of the value and importance of the EU and of the need for it to stick together at this moment of crisis.

But, what strategic visions are there for the future of the EU? The Bratislava and Rome Declarations give little indication of a direction of travel for the EU, providing only lowest common denominator objectives and a timetable, but not a clarion call for action. The Commission's White Paper did present a set of options, and outlined their respective

[6] The Report of the Study Group on the role of public finance in European integration, volumes 1 and 2, (April 1977), Brussels, op. cit.

[7] Barnier, M. (20 November 2017). Brussels.

advantages and disadvantages, but emphasised that this was just an initial discussion paper and it did not explicitly support one option over another. Meanwhile, the European Parliament has pushed more for an improved version of the status quo and has not put forward its own overall vision for the EU, let alone issued a new Spinelli Draft Treaty.

At the same time, most governments and political parties within EU 27 have either not addressed the problem or been very general. The populist and Eurosceptic parties have called for Europe to do less or even for their country to withdraw from the EU. On the other side, even the most pro-European political parties may emphasise the need for far-reaching EU reform, but normally without specifying what this might mean.

The most probable outcome of all this is an improved version of "Muddling Through", with neither a short-term collapse of the EU nor development of a federal Europe. At present, a mixture of the Commission's five scenarios is the most likely outcome. The EU may well concentrate more on a few key priorities, and cut out or downplay some of the less central programmes and priorities. There does also seem to be broad EU agreement on certain objectives: consolidation of the single market (in particular, the digital single market), some progress on EMU, a greater emphasis on defence cooperation, cybersecurity, counterterrorism as well as some actions to tackle migration. More ambitious actions on a common defence policy, common foreign policy, burden-sharing in migration and tax approximation will all be harder to achieve.

There will also be policy areas where greater EU integration may be required and those where some powers might be returned to the member states, as well as yet others where groups of countries might go forward together. Most member states, however, want such "variable geometry" to be subject to strict criteria, in particular to ensure that such actions will not lead to permanent cores and peripheries and that other countries can join later.

It is hard to predict how all this will play out. The EU has perhaps been too cautious in recent years, neither satisfying its own supporters nor winning over Eurosceptics. It has obviously been very successful as a peace project, but for younger generations of Europeans the significance of this is less direct. The EU will remain a complex structure. A complicating factor is that, if there are to be reforms, should they be with or without treaty change? If the latter becomes necessary, it may lead to increasingly difficult referendums, not least in Ireland. The Brexit

referendum was a warning in this respect and the majority of EU leaders would prefer to avoid such a scenario.

A complicating factor is how "success" for the EU can best be defined. What balance should be struck between the different types of legitimacy; Demos legitimacy, with the creation of a Demos and European identity (adapting the quote attributed to Massimo d'Azeglio[8] about having to now make Italians to that of the making of "Europeans")? Output legitimacy, with the production of tangible benefits and policy outputs at EU level: and Input legitimacy, with the reinforcement of EU legitimacy and political participation? The creation of a European Demos still seems far away, so the emphasis is likely to be more on pragmatic and concrete EU actions, and a somewhat reinforced involvement of citizens in EU decision-making, although the latter will not be easy to organise.

If, however, the EU is to prosper, it will have to develop more of an overall vision. Narrow pragmatism may currently be necessary but it is not sufficient in itself. As former European Council President Herman Van Rompuy has put it[9] "*Let us not forget that we must convince Europeans of the value and the values of the Union. Therefore, a broader perspective and a 'philosophy' are needed*". He also said "*We need to balance responsibility and solidarity, security and solidarity, national sovereignty and integration, growth and cohesion. We always need both blades of the scissors*".

Some of these choices will be framed in a different way after Brexit, and others will have had to be confronted with or without the UK. Brexit, however, as well as the recent economic and migration crises, has challenged the inevitability of the EU going forward, rather than regressing or even unravelling. The EU will thus have to come up with convincing answers to many of the above policy challenges if it is to regain the trust of its citizens.

One final observation: it is true that at present there is no clear EU sense of direction and little obvious leadership but the EU is more

[8] Normally attributed to his memoirs, D'Azeglio, M. (1867). "I Miei Ricordi" "My Memories". The famous phrase "Fatta l'Italia, bisogna fare gli Italiani" ("Italy has been made, now we need to make the Italians") may actually be an amalgam and subsequent interpretation of several phrases in his memoirs rather than a direct quote (see article by Hom, S.M., in the Journal "Italian Culture", vol. XXXI, no. 1, March 2013, pp. 1–16).

[9] In his forward to the New Pact of Europe report of November 2017.

resilient than it is often given credit for. EU public opinion can swing back again, and in most EU countries younger people are more positive about the EU and about cooperation with other countries. There is no reason for unjustified optimism, but neither for pessimism and defeatism.

In an Irish Times article by Paul Gillespie on 2 August 2016, he cited the writer and economist Albert Hirschmann in calling not for "wishful thinking" but for "thoughtful wishing". This is an appropriate comment in this context, emphasising the need to reject simplistic and populist solutions and to go beyond the current cautious pragmatism so as to explore new ideas for Europe's future.

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F. B Jacobs, *The EU after Brexit*, Palgrave Studies in European Union Politics, https://doi.org/10.1007/978-3-319-77279-0