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Brexit

Yet another crisis for the EU

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Introduction

This chapter puts the Brexit crisis within the context of the many other crises the EU has experienced in recent years. The first part of the chapter identifies and briefly describes the nature of these other crises. The second part shows how, in varying ways, these crises have impacted on the Brexit process, notably by influencing: the referendum outcome; the ways in which the EU is structuring itself to conduct the Brexit negotiations; and the stances being adopted by the EU27 in the negotiations.

The EU’s many crises

Brexit is clearly a major crisis for the EU. It is so not only because it is the first time a Member State has sought to withdraw from the Union, but also because the state concerned is a large and powerful Member State whose withdrawal will have damaging political and economic implications for the EU’s standing and influence. But Brexit is not the only major crisis the EU has experienced in recent years. Rather, it has experienced, and to some extent is still experiencing, a series of crises. These crises have been so deep as to bring the very viability and
continuance of the European integration ‘project’ seriously into question. Whilst it is not possible here to examine all of the other crises the EU has been experiencing, the ‘headline’ crises can be outlined. Short descriptions of them will help to bring out how severe, varied and multidimensional the crises have been in their natures and impacts. (More detailed accounts and examinations of the EU’s crises can be found in Dinan et al. 2017.)

There have been four main headline crises: the eurozone, migration, governance crises, and the crisis of rising Euroscepticism.

The eurozone crisis

The EU’s Economic and Monetary Union (EMU) was not built on solid foundations. A strong currency union needs to be accompanied by an economic union which includes both a fiscal union and a banking union, plus a political union since currency unions need institutional structures that can provide authoritative union-wide decisions on key macro-economic matters. But, as many academic economists and policy practitioners have noted, both at the time of EMU’s creation in the years following the Maastricht Treaty and since, whilst the ‘M’ in EMU has always been strong, the ‘E’ has been weak. As for politics, this has been almost totally absent. These design faults remained uncorrected in the years leading up to the eurozone crisis, mainly because eurozone Member States had little appetite for creating strong EU fiscal powers that included the capacity to make significant budgetary transfers between members when necessary.

In consequence, EMU was always likely to succeed only as long as the EU economy remained reasonably buoyant. However, the ripple effects of the collapse of Lehman Brothers in the US in September 2008 quickly led to some eurozone countries – notably Greece, but also including Ireland, Spain, Portugal and Cyprus – becoming financially vulnerable and experiencing severe sovereign debt crises, which in turn exposed the eurozone’s structural weaknesses. For there were no semi-automatic mechanisms, as there would be in fully developed economic and monetary unions, to assist EMU Member States experiencing difficulties. States with debt problems were thus forced to seek help – most notably in the form of bailouts – from whatever sources that could be persuaded to be providers. Eventually, a so-called troika of lending sources was created – consisting of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF) – but its approach was strongly influenced by German preferences for recipient states of
financial aid to be subject to stiff austerity measures, which resulted in lengthy and unseemly public disputes between donor states on the one hand and beneficiary states and their sympathisers on the other.

Indeed, so severe did tensions between creditor states and the main indebted state – Greece – become during the eurozone crisis that at one point – in 2015, when Greece’s debts were, yet again, the focus of crises meetings – the German finance minister, Wolfgang Schäuble, even suggested that Greece and the eurozone could both benefit if the former left, albeit perhaps only temporarily, the system.

The migration crisis

Like the eurozone crisis, the migration crisis also stemmed from a core EU system with design faults being placed under severe strain. In this case, the Schengen System, which contained key arrangements for providing for one of the EU’s main policy provisions – free movement of people – was the system under pressure. As with the eurozone crisis, the migration crisis resulted in the EU trying to fix a system only after it had entered crisis conditions.

At the heart of Schengen’s inadequacy was insufficient attention to the interplay between internal and external EU migration. While Schengen provided for largely unchecked internal movement of people between signatory states, there was no systemic anticipation of what would be done if hundreds of thousands of migrants suddenly appeared at Schengen’s external borders. This is what happened from 2014 onwards, with over one million migrants attempting to gain access to the EU in 2015. They did so for a mixture of push and pull reasons, with the main push reason being the desire of migrants to flee Iraq, Syria and other war-torn and/or impoverished countries, whilst the main pull reason was the lure of living in a peaceful and secure country (with northern EU states, especially Germany, being the main destinations of choice of most migrants) where there was the prospect of employment or welfare assistance. Chancellor Merkel’s apparent willingness in the summer of 2015 to allow unlimited numbers of refugees to enter Germany opened the metaphorical floodgates, with Schengen’s largely unprotected external borders coupled with its (initially at least) relatively open internal borders making it possible for migrants to have realistic hopes of reaching the northern states.

When the numbers of attempted migrants to the EU exploded in 2015, the EU simply did not have a system in place that could cope. There was no fully functioning common asylum system, whilst the porousness
of the EU’s external borders undermined the integrity of the intra-EU free travel area. The fact was that, like EMU, Schengen had been designed on the basis of hoping for the best rather than anticipating the worst. The migration crisis resulted in the EU being portrayed very unsympathetically in much of the European media. It was seen as being under siege at its external borders, insufficiently resourced and unable to assist the plights of ‘legitimate’ migrants. The EU’s perceived inadequacies were further enhanced when tragedies occurred with drownings of migrants in the Mediterranean and Aegean seas and when conditions in reception areas and camps were revealed as being appalling.

The EU governance crisis

The EU’s governance crisis has contained a number of elements, including a leadership crisis, a legitimacy crisis and a crisis in the relations between Member States.

The leadership crisis has had various dimensions, including concerns that in the economic and migration policy areas it has been unclear who should be, and who is, taking the policy lead. In some respects, Germany has sought to exercise a virtual hegemonic leadership in these spheres, but it has by no means been unchallenged – with the Commission, the European Council, the ECB and other Member States also vying for leadership roles. Of course, EU leadership has always been widely distributed, but the crises have exacerbated the extent and uncertainty of the nature of this distribution. They have done so both by increasing the number of potential leaders (notably by making the ECB a potentially important policy player on economic and financial policy matters) and by complicating who is looked to as, and who feels they should be, the lead player(s) on specific matters.

Regarding the legitimacy dimension of the governance crisis, questions have long been asked about the legitimacy of the EU system, with the ‘democratic deficit’ of the EU’s institutions featuring particularly prominently in such debates. But, as the EU’s problems in solving the crises have made its ‘output legitimacy’ look increasingly weak, and as the powers of the ECB – the least accountable of the EU’s institutions – have grown considerably as a result of the banking crisis, so has the EU’s legitimacy been further undermined.

As for the crisis in the relations between Member States, the EU has, of course, always been the location for inter-state disagreements as states have sought to defend and advance their own interests and policy preferences. But, the eurozone and migration crises have been the occasions
for considerably sharpened disagreements, being focused as they have been on core national policy interests and preferences, and on issues (fiscal and border-related) that touch directly on national sovereignty. For example, the migration crisis saw some states, especially Germany, supporting attempts by the Commission to persuade Schengen members to share the burden of refugee settlement, but others, including most Central and Eastern European states, being strongly opposed to being told what they should do.

The rifts between Germany and Greece demonstrate how less clubbable the EU became during the crises. Greece, which had been on the front line of the eurozone crisis was similarly on the front line of the migration crisis, with the Greek border being the principal external border through which most migrants entered the EU en route to Germany and other northern states. Given Germany’s treatment of Greece during the eurozone crisis, Greece was not inclined to accommodate Germany during the migration crisis by preventing migrants from travelling north, at least not without the prospect of significant financial assistance and debt relief.

The crisis of rising Euroscepticism

Largely in consequence of the crises outline above, another crisis has loomed large in the life of the EU in recent years: there has been a significant decline in popular support for European integration which has, in turn, been accompanied by increased support for anti-European and deeply Eurosceptic parties. As Webber (2017) notes, in the winter of 2015–16 opinion polls indicated that such parties were the largest in terms of popular support in Austria, France, Greece, Hungary, the Netherlands, Poland and the UK, whilst they were growing fast in Germany, Spain and Italy. Such was the advance of popular disillusionment with integration that anti-European or Eurosceptic parties were the main governing parties in Greece, Poland, Hungary and the UK, whilst they featured as minority governing parties in Finland and Portugal.

The impact of the crises on the Brexit process

The EU’s crises have had, and will continue to have, many and varied impacts on the Brexit process. In this section of the chapter, three particular impacts are examined.
The referendum outcome

As measured by public opinion polls, not least the long-standing Commission-organised Eurobarometer polls, the UK has, with only occasional interruptions, been the most consistently Eurosceptic Member State over the years. However, there is no doubt that in the years leading up to the referendum, at least three of the EU’s crises – the eurozone crisis, the migration crisis and the legitimacy crisis – played significant parts in furthering UK Euroscepticism by contributing to the picture of a distant and undemocratic EU that could neither cope with, nor solve, the various crises afflicting the Union. Although the UK itself never adopted the euro or joined Schengen, widespread perceptions of these core policies as foundering served to undermine confidence in the EU system. The migration crisis in particular featured frequently in the popular media, often accompanied not by sympathetic headlines addressing the plight of the migrants but rather by ill-defined suggestions of the UK itself being under threat. As for the legitimacy crisis, perhaps the most powerful and effective messages at the fore of the Brexit campaign were the various versions of ‘let’s take our country/sovereignty/independence back’.

The ways in which the EU is structuring itself to conduct the Brexit negotiations

The crises have witnessed intensified EU-level inter-institutional competition and have further complicated the EU’s institutional complexity and surplus of leadership. These developments are, in various ways, feeding into the EU’s structural arrangements for conducting the Brexit negotiations, including the following:

- All of the EU’s leading political institutions have established a Brexit negotiating team or coordinating unit. ‘Under’ the European Council team, which is being led by Donald Tusk, the European Council president, are teams from the Commission (led by Michel Barnier), the Council (led by Didier Seeuws), and the European Parliament (led by Guy Verhofstadt).

- ‘Major’ EU directional decisions have long been made by, or at least channelled through, the European Council. But, as a result of the crises, the European Council has become much more actively involved in such decision-making – with many special summits having been convened to deal with subjects such as the...
size and conditions of bailouts during the eurozone crisis, the
distribution of migrants during the migration crisis, and sanctions
against Russia during the Crimea/Ukraine crisis. Deliberations
regarding, and the taking of decisions on, ‘macro’ issues by the
European Council have become, more than ever before, the ‘new
normal’. In line with this evolving practice, the EU27 heads of
state and government made it clear at an informal meeting in
December 2016 that they would have their hands firmly on the
Brexit negotiations tiller. This would involve adopting ‘guidelines
that will define the framework for negotiations under Article 50
and [setting] out the overall position and principles that the EU
will pursue throughout the negotiation’ (Informal meeting of the
EU27 2016, 2).

• The detailed application of decisions taken at the EU political level
has always been primarily the responsibility of the Commission.
The crises reaffirmed this. In the context of the eurozone crisis
for example, a host of politically approved directional decisions –
such as on tighter fiscal rules and the creation of a banking union –
were referred to the Commission for detailed drafting. The Brexit
negotiations will follow this practice with the Commission, operat-
ing within political guidelines set out by the European Council and,
on specific matters, the General Affairs Council, undertaking the
detailed and technical negotiations.

• The EP has been greatly irritated by being largely excluded
from decision-making in respect of most aspects of the EU’s
crises, except where legislative measures have been required.
Decisions on such major issues as the sizes and conditions of
financial bailouts and the imposition of sanctions on Russia have
been taken on intergovernmental bases that have excluded the
Parliament. But, the EP has a history of making maximum use
of the powers it does have, and on Brexit it cannot be bypassed
because it has the power of consent over the UK withdrawal
agreement. In a resolution it adopted in early April 2017, the
Parliament served notice that it will seek to use this power
to exert significant influence over the final Brexit agreement
(European Parliament 2017a). The EP will not itself be directly
involved in the negotiations, but it will – working within
plenary-approved guidelines on the EU’s aims in the nego-
tiations and via a specially appointed steering committee plus
various sub-committees – exercise important roles in helping to
shape and guide the negotiations.
In the run-up to the April 2017 special meeting of the European Council, when the EU’s guidelines for defining the framework for Brexit negotiations were set out (European Council 2017a), the 27 Member State governments and the EU institutions were broadly united in their approaches. This enabled the guidelines to be agreed without too much difficulty. So, amongst the key guidelines were stipulations that: until ‘sufficient progress has been achieved’ on the size of the UK’s ‘exit bill’ and on the residency and related rights of EU and UK citizens post-Brexit, trade talks will not be allowed to begin; there will be no ‘cherry picking’ by the UK on access to the Single Market (that is, there will be no especially favourable sectoral agreements); and the UK will not be permitted to enter formal trade talks with non-Member States until it leaves the EU.

This seemingly firm and united line has arisen in large part from the high levels of support for Eurosceptic parties and movements in many Member States. To avoid giving Euroscepticism further encouragement, which could threaten the very existence of many EU governments and, in turn, the EU itself, the EU cannot risk letting the UK be seen to have won a deal that results in it being materially no worse off, let also potentially better off, than it was pre-Brexit. As Emmanuel (now President) Macron said during his 2017 election campaign: ‘I don’t want a tailor-made approach where the British have the best of two worlds. That will be too big an incentive for others to leave and [will] kill the European idea, which is based on shared responsibilities’ (quoted in Slawson 2017).

However, notwithstanding this seemingly common resolve, during the EU’s crises Member States have shown a firm determination to pursue and defend their particular national interests and policy preferences. They have, of course, always looked carefully to these, but during the eurozone and migration crises in particular they showed themselves to be more than usually resolved to ‘dig in’ – as, for example, when most Central and Eastern European states refused to accept the Commission’s proposals (even though they had been backed by a qualified majority vote in the Council) to distribute migrants between Schengen states on a compulsory basis. In a similar vein, during the Brexit negotiations the EU27 will doubtless disagree on countless specifics that are particularly important to them and will seek to defend or advance their own positions with vigour.
Conclusions

As has been shown in this chapter, Brexit is far from being the only major crisis the EU has experienced in recent years. The eurozone and migration crises are the best known of these other crises, but they are very far from being alone. In varying ways, many of these other crises have had, are having, and will continue to have impacts on differing aspects of the Brexit process.