

Brexit: What Happened? What is Going to Happen?

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The Brexit referendum demonstrated the fundamental reticence of the British to embrace the ethos underpinning the European construction, the powerlessness of politicians to explain it clearly to the public, the particular difficulties of the main political parties involved, as well as the development of a specifically English nationalist sentiment. For now, no one can predict what the actual clauses of Brexit will look like. But it could provide the opportunity for a real new deal for European integration.

politique étrangère

“This is the story of fifty years in which Britain struggled to reconcile the past she could not forget with the future she could not avoid.” Hugo Young, *This Blessed Plot: Britain and Europe from Churchill to Blair*, New York, Overlook Hardcover, 1999.¹

Brexit was, in many ways, an accident waiting to happen. For decades, the British people had been fed a diet of Eurosceptic untruths by a media and a political leadership that never attempted to explain the positive features of the European project. The referendum campaign itself involved one side explaining why the UK should leave the EU, and the other side explaining why it should not leave. The reasons for remaining, the positive aspects of the EU, were lost in the debate. Yet the outcome of this vote could prove immensely consequential both for the UK and for the European Union, as well as for transatlantic relations – and indeed for the liberal international order itself.

1. This title can be found in W. Shakespeare, *King Richard II*, Act 2, scene 1, “This royal throne of kings, this sceptred isle, this earth of majesty, this seat of Mars, this other Eden, demi-paradise, this fortress built by Nature for herself Against infection and the hand of war, this happy breed of men, this little world, this precious stone set in the silver sea, which serves it in the office of a wall or as a moat defensive to a house, against the envy of less happier lands, This blessed plot, this earth, this realm, this England”.

The Weight of the Past

On 11 November 1944, Winston Churchill paid a symbolic “Armistice Day” visit to Charles de Gaulle in Paris. The general suggested that, although France and the UK had had very different experiences in the war, they were nevertheless, as it neared its end, objectively in exactly the same situation: former empires and robust civilizations, yet medium powers and financially bankrupt. Why not, de Gaulle urged, join forces and jointly lead a European superpower? Churchill agreed with de Gaulle’s analysis but noted that the UK, unlike France, had an alternative – the Atlantic connection.² Britain missed the boat on that occasion and continued to miss it repeatedly ever since. Brexit is the latest – but arguably the most dramatic – manifestation of the UK’s tortuous and ultimately failed relationship with Europe.

In the mid-1950s, a high-level committee was established to design the embryonic European Economic Community (EEC). The UK sent a mid-career official, Russell Bretherton, an economist, to represent Her Majesty among the foreign ministers of the founding Six. Bretherton, on realizing that the discussions were intensely political and in no way restricted to economics and trade, is reported to have left his last meeting of the committee with the words: “Gentleman, you are trying to negotiate something that cannot be negotiated. If negotiated, it will not be ratified. And if ratified, it will not work.”³ Nevertheless, largely as a result of the foreclosing of alternative options in the early 1960s (decolonization was in full swing and the Commonwealth an increasingly powerless framework for Britain’s global ambitions), the conservative government of Harold Macmillan applied for membership of the burgeoning EEC. Macmillan was also responding to intense pressure from Washington, where President Kennedy sought a strong European pillar of the Atlantic Alliance, with the UK as a key European player. The UK’s ambivalence about Europe was highlighted in December 1962 when, in parallel with the European application, Macmillan signed the Nassau Agreement with the US, tying the UK to the American Polaris nuclear missile system. Unsurprisingly, the UK’s first European gambit was vetoed by de Gaulle in January 1963 on the grounds that the UK had no interest in creating a European political project⁴. That lack of interest continued for the following five decades.

2. The meeting is recounted by both men in their respective memoirs. C. de Gaulle, *Mémoires de Guerre. III, Le Salut 1944-1946*, Paris, Plon, 1959, p. 63-64; Winston Churchill, *The Second World War. VI, Triumph and Tragedy*, London, Cassell, 1954, p.218-220.

3. H. Young, *This Blessed Plot: Britain and Europe from Churchill to Blair*, London, Macmillan, 1999.

4. F. de la Serre, “De Gaulle et la candidature britannique aux Communautés Européennes”, *De Gaulle en son siècle. vol.5, l’Europe*, Paris, Plon, 1992, p.192-202.

When Prime Minister Edward Heath successfully took Britain into Europe in 1973, after de Gaulle's death, the plan was "sold" to the UK public overwhelmingly as a great market opportunity – although Heath always denied having misled the public on this issue⁵. During the 1980s, with the launch of the project to complete the Single European Market, Margaret Thatcher briefly became an enthusiastic European. As such, she arguably gave away more sovereignty (in exchange for a larger and more liberalized market) than any Prime Minister before her. But she balked at the idea of a single currency and rejected any notion of deeper political integration.⁶ At the 1991 foundational conference of the embryonic European Union in Maastricht, the UK secured an "opt-out" from the single currency and later refused to join the borderless scheme known as Schengen. The UK simply never embraced the deeper political, cultural, and identity ambitions of her European partners⁷.

In the EU, the UK has always been known as the "awkward partner."⁸ In EU decision-making, where the culture of compromise and consensus is far removed from the adversarial culture of British politics, the UK has tended to engage in hard bargaining for its interests, and has been quick to declare its red lines. Such threats may have played well with the British public, as recounted in press conferences following European Council meetings and Summits. But as maneuvers in the meetings themselves, they often led to disastrous results. A case in point is Prime Minister David Cameron's veto at the December 2011 Council meeting of a proposed treaty reinforcing rules on government spending, with sanctions for those failing to follow the rules. His hard-bargaining strategy to ring-fence the City with special protections for UK finance backfired massively. The member-states went ahead without the UK (and the Czech Republic) to create a treaty outside the treaties, known as the Fiscal Compact.

The main legacies of the UK's 43-year membership of the Union were: active resistance to any quasi-federal ambitions; energetic pursuit of neo-liberal deregulation; faith in market forces; and enthusiastic support for enlargement to the East (advocated primarily as further market opportunities). To a significant degree, the UK succeeded in turning the

5. Heath, *The Course of my Life: The Autobiography of Edward Heath*, London, Hodder & Stoughton, 1998; R. Denman, *Missed Chances: Britain and Europe in the Twentieth Century*, London, Cassell, 1996, p.240-242; D. Maitland, *Diverse Times, Sundry Places*, Brighton, Alpha Press, 1996, p.181.

6. M. Thatcher, *The Downing Street Years*, New York, Harper Collins, 1993.

7. A. Blair, *Dealing with Europe: Britain and the Negotiation of the Maastricht Treaty*, Abingdon, Ashgate, 1999.

8. S. George, *An Awkward Partner: Britain in the European Community*, Oxford, Oxford University Press, 1998.

EU into a force for supply-side economics and minimal political authority. In the 2005 referendums on the embryonic Constitutional Treaty, France and the Netherlands rejected the draft in part because it was perceived as too neo-liberal. At the same time, the British felt that the Treaty was too state-heavy and even protectionist. There was never anything approaching a meeting of cross-Channel minds about the nature of the European project. The British in general and the English in particular never really accepted that it *was* a project. For decades, a ferociously hostile media lampooned the Union for its alleged encroachments on the lives of ordinary Britons. No UK leader ever tried to make the case for the EU – in large part because none (with the exception of Heath) espoused it. The very notion of “Ever Closer Union” was explicitly rejected by the UK. This is why, during the Brexit “debate” in 2016, the “Remain” camp did not even attempt to make a case *for staying* and structured their campaign exclusively around the (overwhelmingly economic) reasons *for not leaving*.

Brexit: The Politics

A majority of English and Welsh voters rejected the arguments of the Remain camp, whereas Scotland and Northern Ireland favoured Remain. The Conservative government’s strategy was focused on instilling fear about the deleterious consequences to the economy of a vote to leave the EU. This negative approach, which failed to mention any of the good reasons the British voters might have to stay in the EU, also failed to convince. Although economic experts were in agreement that leaving the EU would be a disaster for the UK, the “City” itself saw a few of its most prominent members publicly declare in favour of leaving the EU—despite the concern about the loss of “passporting” rights to continue to do business in the EU. One of the arguments often heard was that if Cameron really thought a vote to leave would be such a disaster, why did he declare, during his negotiations with the EU, that if he didn’t get what he wanted, he would himself campaign for the leave vote? Another argument was that if this would be so bad for Britain, why did he call the referendum in the first place? The answer is that this was not so much about the EU as about the Conservative Party itself: calling the referendum was Cameron’s attempt to heal the party’s internal divisions between increasingly Eurosceptic members and the decreasing numbers of Europhiles, as well as to stop the drift of conservative voters toward UKIP. Cameron’s calculation misfired badly, in particular when political opportunism prompted some of his closest allies to side with the Leave campaign. Faced with the results of

the vote, Cameron resigned, and the Conservatives elected Theresa May, to replace him.

The Labour party had its own problems, mainly with a leader who was lukewarm about the EU, and showed it. Jeremy Corbyn, Labour's leader, campaigned comparatively little, and when he did finally declare for Remain, his statement fell far short of the ringing endorsement needed to send Labour party voters to the polls. The Labour party's political elite was largely in favour of remaining in the EU, but there were prominent voices on the left of the party who argued for the Leave vote, not only on the grounds that the EU was neo-liberal but also that the UK needed to return to national democracy. The victory of the Leave vote led to a challenge to Corbyn's leadership by the majority of Labour MPs, which failed.

UKIP, of course, was having a field day. This was the first time that it had gained any real national prominence. And this was a battle fought on its own turf. This was UKIP's opportunity to say anything, however, tendentious or wrong, about the EU and what benefits would come from leaving. Most prominent among these was the promise that the EU's financial contribution to the EU, which Brexiteers claimed – erroneously – was 350 million pounds a week would be spent on the National Health Service. This was of course an outright lie, which Nigel Farage, the party leader, himself admitted the day after the vote. The campaign itself was primarily anti-immigration. It was mainly focused on the freedom of movement of EU citizens in the Single Market, and targeted primarily the Poles and other Central and Eastern Europeans. However, the campaign veered to racism, most notably with a poster of the Syrian refugees used to suggest that they would overrun the UK. This was despite the fact that the UK, not being part of Schengen, had no obligations to take any refugees, and had in fact taken in very few.

There were three major reasons behind the vote to Leave⁹. The first was the deleterious impact of globalization and neo-liberal policies on large swathes of the population, mainly unskilled workers, the unemployed and pensioners. It is a tragic irony that no leader of either the Remain or the Leave camps saw fit to explain to the voters that this impact was far more the result of policies adopted in London by both Thatcher and Blair than it was the "fault" of the EU.¹⁰

9. M. Goodwin, "Why Britain Backed Brexit", *The UK In A Changing Europe*, 12 July 2016, available at: <http://ukandeu.ac.uk>.

10. V. Schmidt, "The Issue remarkable for its absence: The Resilience of Neo-Liberalism in Europe" *Cambridge University Press blog*, June 6, 2016, available at: www.cambridgeblog.org.

The second was the impact of poorly regulated immigration, first from Central and Eastern Europe and subsequently from the Middle East and Africa. The latter wave was a tragic consequence of wars and destabilization (Iraq, Libya) that stemmed far more from British military adventurism than from any specific EU policies. The former was a result of ill-thought-out EU enlargement, a policy promoted enthusiastically by London, and the fact that Prime Minister Blair decided to open the UK to immigration from Central and Eastern European countries immediately upon their accession in 2004 rather than wait the agreed seven years. By grossly miscalculating the number, claiming that only 30,000 would come when it was over a million Poles alone, and then not managing the process adequately, the government's open door policy also fanned the flames of anti-immigration sentiment.

The third major reason for the Leave vote was a crisis of English national identity. For decades after World War Two, the English remained "proud to be British" and tended not to minimize that identity by embracing "Englishness". But with the 1990s devolution of powers to the UK's three other nations (Scotland, Wales and Northern Ireland), the so-called "West Lothian question" began to emerge. This refers to whether MPs from Northern Ireland, Scotland and Wales, sitting in the House of Commons in London, should be able to vote on matters that affect only England, while MPs from England are unable to vote on matters that have been devolved to the other national assemblies. There was a growing sense, arising out of the 2014 Scottish referendum on independence from the UK, that the English finally had to look after their own interests.¹¹ This rapid emergence of a crusading English identity was considerably fuelled by the Brexiteers.¹² Even the Labour Party, which has traditionally resisted appeals to nationalism, began to toy with the potential electoral benefits of "Englishness".¹³ After the referendum results were announced, this pent-up national frustration expressed itself in a wave of hate crimes against foreigners in general, with gangs roaming the streets demanding that passers-by prove they could speak English, swastikas appearing in many major cities and restaurant diners refusing to be served by foreign waiters.¹⁴ The Polish community in

11. T. Mullen, "The Scottish Independence Referendum 2014", *Journal of Law and Society*, 41/4, December 2014, p. 627-640; A. Henderson, C. Jeffrey and R. Lineira, "National Identity or National Interest: Scottish, English and Welsh Attitudes to the Constitutional Debate", *The Political Quarterly*, 86/2, April 2015, p.265-274.

12. M. Kenny, "The Genesis of English Nationalism", *Political Insight*, September 2016.

13. T. Hunt, "Labour Must Embrace Englishness – and Be Proud of It", *The Guardian*, 5 February 2016.

14. A. Lusher, "Racism Unleashed: True Extent of the Explosion of Blatant Hate that Followed the Brexit Result", *The Independent*, 28 July 2016.

particular was targeted, arson attacks on Polish minimarkets, physical abuse of Polish residents and leaflets demanding “No More Polish Vermin” becoming all too frequent.¹⁵ The referendum results demonstrated conclusively that the more electors identified as English and not British, the more in favour they were of Leave. Conversely, the more they identified as British and not English, the more they voted Remain.¹⁶



To be sure, 48% of voters voted to “remain” (just 34% of registered electors vs. the 51% in favour of leave, constituting 38% of registered voters). But for most, this was less an act of enthusiasm than an avoidance of risk. The catchword of the Brexiteers was “Take Back Control”.¹⁷ The ironic truth is that, through its opt-outs, London had never relinquished control over any significant aspect of sovereignty: money, borders, or defence. Few people in the UK have any idea why the EU came into existence, or what it does. Europe is a place to go on sun-filled, wine-soaked vacations and from which to return “home” reinforced in the belief that home is best. The vast majority of the British have never had any intention of flirting with European “identity”. Indeed for many Britons, as Margaret Thatcher once noted, Europe has always been a source of problems (Julius Caesar, William the Conqueror, Philip II, Napoleon, Hitler, Stalin) rather than of solutions.¹⁸ The inhabitants of Shakespeare’s “sceptered isle”¹⁹ genuinely believe that Britons are different from, indeed are not... Europeans. The Brexit referendum was engineered by prime-minister David Cameron for petty personal and party political reasons and cynically and irresponsibly fueled by a handful of self-serving politicians. They had given no thought whatsoever to what happened next. They were immune to persuasion from

15. P. Yeung, “EU Referendum: Reports of Hate Crime Increase 57% Following Brexit Vote”, *The Independent*, 27 June 2016. More than 1 million Poles migrated to the UK after 2004, attracted by the flexibility of the labour market.

16. M. Kenny, “The Genesis of English Nationalism”, *Political Insight*, September 2016.

17. M. Hall, “Boris Johnson Urges Brits to Vote Brexit to ‘Take Back Control’”, *Sunday Express*, 19 June 2016.

18. In a speech to the Scottish Tory conference in 1999, she said: “In my lifetime, all the problems have come from mainland Europe, and all the solutions have come from the English-speaking nations across the world”.

19. W. Shakespeare, *King Richard II*, *op. cit.*

outside. President Obama made it clear in London that, if the UK voted for Brexit, it would “go to the back of the queue” in negotiating trade deals²⁰. Leaders of every Commonwealth nation and every EU member state begged Britain not to leave. To adapt the words of Churchill, never in the field of human history has so much havoc been wreaked on so many by so few.

Brexit: Hard or Soft?

What will happen in the coming months with regard to the negotiations on Brexit is unclear. It may very well be that Theresa May has boxed herself into a corner with the line: “Brexit means Brexit.” But at the same time she has created a very powerful rhetorical tool that can be used to justify just about any course of action the government chooses to take.²¹ May insists that the referendum outcome has given her the mandate to negotiate exit from the EU. This means activating Article 50 of the EU Treaties for a departure within two years. Although there was a petition with close to four million signatures to demand another referendum vote, this led to no more than a parliamentary discussion of the matter. There are no plans for the moment for a parliamentary debate on Brexit. Only at the end of the negotiation process, once a new deal emerges, would Parliament most likely be called on to vote – although even that might be side-lined by a second referendum

What this means for British democracy, and that hallowed concept of ‘parliamentary sovereignty’ is a huge question.²² MPs on the left have already demanded that Parliament should have a say in how Brexit should occur, arguably to soften the impact; while MPs on the right of the Tory party are equally keen on a Parliamentary vote, to make sure that Brexit goes as far as possible. The Prime Minister has insisted that deciding on Brexit is a “crown” prerogative to act on this as a matter of state – meaning that the government alone can undo forty years of legislation passed by Parliament without a vote in the House of Commons. The matter has gone to the High Court for judgment.

What this means for the integrity of the UK *qua* UK is also in question. Scotland wants to stay in the EU, even if the UK leaves—with a

20. A. Asthana and R. Mason, “Barack Obama: Brexit Would Put UK ‘Back of the Queue’ for Trade Talks”, *The Guardian*, 22 April 2016.

21. K. Morrell, “Brexit: How a Single Word Became the Most Powerful Rhetorical Device in a Generation” *The Conversation online journal*, 12 October, 2016, available at: <http://theconversation.com>.

22. E. Jones, “The Meaning of Britain’s Departure”, *Survival*, 58/4, August-September 2016.

new referendum on independence likely were the UK to leave. Northern Ireland is concerned that its 1998 Good Friday peace agreement will crumble in the face of a new hard border between North and South, and the absence of the EU as a stabilizing force. Some have suggested that Scotland might follow the “Greenland” model in reverse – when Denmark joined the EU, Greenland stayed out. In this case, the UK could exit the EU, while leaving Scotland in. But however this works out, it suggests that Brexit may cause not only Britain’s exit from the EU, but the breakup of the United Kingdom itself.

In the interim, no one knows what Brexit might mean. Much depends upon how much give and take occurs on either side. The main sticking point is freedom of movement for EU citizens. The Brexit camp is determined to reduce that freedom, the EU to maintain that intact, as one of the four freedoms key to the very existence of the single market. But if the EU does not budge on that, and the UK insists on it, the UK might find itself much farther outside the EU than expected. Some pundits have suggested that the UK could have a reasonably soft Brexit by following the examples of Norway or Switzerland in the Single Market – paying for everything, doing everything, but having no right to vote. Yet both are part of Schengen. But this is not likely. As it is, Conservative ministers in charge of Brexit have been talking about leaving the EU entirely, to set up separate trade deals with the rest of the world—all within the two-year framework of Article 50. This flies in the face of reality, given the complex and time-consuming processes of actually concluding, say, membership in the WTO, or bilateral agreements with most countries in the world – which the UK has up until now had as part of EU trade agreements.

As for the economics, nobody really knows how things will play out for the UK economy. So much depends upon the final deal, and whether it is a soft or hard Brexit. In the interim, the City is slowly bleeding as investment firms and banks worry that they will lose “passporting rights” to do business and represent clients in the rest of the EU. The pound has already fluctuated wildly, and has fallen to its lowest level in 30 years. The low price of the pound will increase the cost of imports, thus leading to inflation, while it won’t do much for exports, given that the UK is largely post-industrial. As a result, far from healing the wounds of the referendum and the discontent of many voters, who feel left behind and blame the immigrants, Brexit could make matters far worse.

Defence and Security Implications

One policy issue that has been extensively debated in the context of Brexit is the future of European (and British) security and defence policy.²³ Some authors have suggested Brexit will not negatively impact either the UK's ability to continue to work with its European security partners²⁴, or the effectiveness of the EU's common security and defence policy (CSDP).²⁵ Others have suggested, on the contrary, that Brexit will make it extremely difficult henceforth for the UK to play a proper role in European foreign and security policy²⁶ and even that it will contribute to the unravelling of CFSP.²⁷ One key analyst sees an unfolding series of complications, consequent upon the vote, which will render the future of Euro-Atlantic security cooperation highly volatile for the foreseeable future²⁸. It is indisputable that the withdrawal of the UK from the European Union's main agencies will not change the overall geo-strategic situation in Europe. No challenges are going to disappear and it is unlikely that Brexit will result in the emergence of new ones, although some have argued that both China and Russia will benefit from the destabilization of the old continent that follows.²⁹ The main geo-strategic tensions will remain: instability along the entire borderland of the EU from the Arctic to the Black Sea, and from the Bosphorus to the Atlantic; Russian pressures in Ukraine and the Baltic states; US ambivalence about the extent and nature of America's ongoing commitment to its allies around the world; questions about the future purpose and role of NATO; the limitations and weaknesses of CSDP; the unsettled status of NATO-CSDP relations. To throw into this unfortunate picture further uncertainty about the UK's place in it can hardly be seen as a positive development.

23. J. Howorth, "The UK & Europe: In or Out of Security and Defence Policy", in M. Bond (ed.), *The Regent's Report: The UK and Europe: Costs, Benefits, Options*, London, The Federal Trust, 2013, p. 96-105. Available at: www.regents.ac.uk.

24. A. Menon, "Britain's Military Standing Would Not Suffer After Brexit" *Financial Times*, 24 April 2016.

25. N. Gros-Verheyde, "Brexit : Le Britannique est-il nécessaire à l'Europe de la Défense ?", *Bruxelles2*, October 2015; "Quelles conséquences du Brexit sur la PSDC ? Une quasi bonne nouvelle ?", *Bruxelles2*, 24 June 2016.

26. I. Bond, "Cameron's Security Gamble: Is Brexit a Strategic Risk?", London, *Centre for European Reform*, 21 December 2015; J. Kerr, "Brexit Would Shake the Four Pillars of British Foreign Policy", London, *Centre for European Reform*, 31 May 2016.

27. J. Hillison, "Will Brexit Unravel the European Union's Common Foreign and Security Policy?", *War on the Rocks*, 12 September 2016; J. Howorth, *European Geostrategy*, "CSDP without the UK: bad for Europe but even worse for Britain", 18 January 2015, available at: www.europeangeostrategy.org.

28. F. Heisbourg, "Brexit and European Security", *Survival*, 58/3, June-July 2016, p.13-22.

29. F. Godement, "China and Brexit: What's In It For Us?", *European Council on Foreign Relations*, China Analysis, September 2016; J. Nixey, "Russia's Silence Conceals a Preference for Brexit", London, Chatham House, 7 June 2016.

The government of Theresa May has been totally preoccupied, since June 2016, with attempting to formulate a negotiating position for the coming divorce. It has had no time to address the specific challenges of engineering a new security relationship with either the EU or NATO. The main players in the EU, on the other hand, have not been slow in forging ahead with post-Brexit plans for a revamped EU strategy and common security policy. The long-awaited *European Global Strategy*, was published only two days after the Brexit vote (having been deliberately kept on hold pending the outcome)³⁰. Its key proposals revolve around the notion of “strategic autonomy” and the creation of “resilience” among the states of the Eastern and Southern neighbourhoods.³¹ Within weeks of the EGS’s publication, various proposals for the robust re-launch of CSDP were made public. In early September 2016, Federica Mogherini, the High Representative for the EU’s foreign and security policy, formulated her ten proposals for a new political impetus around defence.³² A month later, on the occasion of an informal meeting of EU defence ministers in Bratislava, Germany, France, Italy and Spain announced a joint plan to galvanise CSDP and in effect take advantage of the removal of the UK veto to push forward the long-discussed European Operational Headquarters (OHQ).³³ Italy called for a “defence Schengen”. François Hollande proposed the creation of a “European defence fund”. The notion of a “European army” took on a new lease on life, despite widespread disagreement as to the precise meaning of the concept.³⁴

These developments should be placed in context. Many of the “new” proposals are little more than re-hashed versions of ideas floated in the decade following the Franco-British summit in Saint Malo in 1998: a rapid reaction force based on the battle-groups; rethinking the finances of CSDP; implementation of permanent structured cooperation; inauguration of a European “semester” on defence; pooling and sharing in capacity procurement; tightening CSDP-NATO cooperation. There is really nothing new in all this. The danger is that the EU will now spend a decade revisiting discussions it engaged in in the first fifteen years of the 21st century. The underlying problems have not gone away through Brexit: the absence of

30. European External Action Service, *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union’s Foreign and Security Policy*, Bruxelles, June 2016.

31. For a wide variety of analytical perspectives on the EGS, see the special issue of *The International Spectator*, 51/3, 2016.

32. F. Mogherini, “Remarks to the EU Ambassadors Conference”, 5 September 2016, available at: <http://club.bruxelles2.eu>.

33. N. Gros-Verheyde, “Les Quatre ‘Grands’ affirment leur volonté de renforcer la PSDC”, *Bruxelles2*, 12 October 2016.

34. S. Kern, “European Leaders Discuss Plan for European Army”, *Gatestone Institute*, 14 September 2016.

a unified European political authority; member state interests in avoiding Europeanisation of military procurement; the glaring inadequacy of CSDP as an instrument for stabilising the neighbourhood; the dependence of many EU member states on the US for existential security on the Eastern borderland; the need for tightly enhanced cooperation in counter-terrorism... At a time when increasing numbers of analysts are stressing the urgent need for structured cooperation between CSDP and NATO³⁵, it is not clear what the pursuit of “strategic autonomy” might mean institutionally. That many of the remaining 27 member states feel “liberated” by the departure of the British from the security policy sector is in contradiction with the widespread desire to enhance relations with NATO (a process in which the UK is likely to be a major player). Think-tanks have begun to pour out policy papers addressing these issues.³⁶ The one conclusion that imposes itself is that the imminent departure of the UK from the existing defence structures of the EU has opened a Pandora’s box whose eventual consequences are currently extremely difficult to foresee.

So what can or should the EU do? Rather than refusing to deal, or doing a special deal just for the UK, the EU needs to come up with a new deal for all the member-states. That new deal must directly address EU citizens’ fundamental concerns related to democracy and immigration.

A new deal requires thinking first of all about how to give back to national citizens more control over the policies that most affect their lives, while recognizing that common EU problems often require common solutions. The Brexit campaign’s “take back control” slogan was focused on the problem of democracy – despite the fact that the UK had in fact maintained control over most such policies by opting out of the Eurozone and Schengen. Such problems are actually more significant for the other member-states, but they differ from one policy area to another. In the refugee crisis, the problem has come from too little EU coordination, as national capitals have reasserted control, in many cases with barbed wire fences. In the Eurozone crisis, in contrast, the problem has come from too much coordination, with the imposition of the rigid rules and stringent numerical

35. M. Heinrich, “EU Defence Cooperation: Threat or Benefit for NATO”, *The Globalist*, 12 October 2016.

36. D. Keohane and C. Mölling, “Conservative, Comprehensive, Ambitious, or Realistic? Assessing EU Defense Strategy Approaches”, Washington D.C., The German Marshall Fund, Policy Brief No.41, October 2016; S. Biscop, “All or Nothing? European and British Strategic Autonomy after the Brexit”, Bruxelles, Egmont Paper, No.87, September 2016; D. Zandee, M. Drent, R. Henricks, *Defence Cooperation Models: Lessons Learned and Usability*, Clingendael Report, October 2016.

targets involved in “governing by rules and numbers”.³⁷ Here, continued coordination would be best accompanied by significant decentralization of the European semester.³⁸

More coordination would also be useful in the policy area that is the Brexiteers’ main bone of contention: freedom of movement for EU citizens. A new deal in this domain would demand first and foremost the recognition that labor mobility is very different from other freedoms of the Single Market, in particular goods and capital, because of its impact on labor markets and welfare states. To take that impact into consideration means one of two things: much more integration, or much less. Less integration is not ideal, since it would mean that the EU would generalize the UK’s special deal on the migration of EU citizens to all other member-states. This would mean that all member-states could set limits on access to benefits for given periods, or even to jobs, in the face of overflows of EU migrant workers—which could destroy free movement of people in the end.

More integration, instead, would entail reinforcing the current free movement by putting into place solidarity mechanisms. For example, why not create a “EU mobility adjustment fund” to support the extra costs for social services and the retraining needs of workers in countries with greater than usual EU migrant worker inflows? More integration through solidarity has great advantages, especially if a EU mobility adjustment fund were accompanied by the oft-proposed EU unemployment fund, or even a European fund for refugee support. Different countries would benefit at different times from the funds, which could be triggered when any one country finds itself overburdened by the extra costs it incurs because of the asymmetric functioning of the Single Market and the Single Currency, or because of its openness to refugees. Different funding mechanisms are possible, including from member-state contributions, but the best would be from the monetary gains of the Single Market and Single Currency. This could involve using a proportion of VAT collected in trans-border transactions or of the Financial Transactions Tax.

Paying attention to the concerns of the Brexiteers does not entail pandering to them, or leaving the way open to the populists calling for exit referenda across Europe. It means rethinking the EU in ways that can respond to the discontent in creative ways, with a new deal that promotes

37. V. Schmidt, “Saving Social Europe: Going Beyond the EU’s ‘Governing by the Rules and Ruling by the Numbers’”, *Social Europe*, available at: www.socialeurope.eu.

38. V. Schmidt, “Changing the Policies, Politics, and Processes of the Eurozone in Crisis: Will This Time Be Different?” in *Social Developments in the EU 2015*, D. Natali and B. Vanhercke (eds.), Brussels: European Social Observatory (OSE) and European Trade Union Institute (ETUI), 2015, available at: www.etui.org.

continued integration while respecting citizens' demands for greater national control and democracy.

Britain has painted itself into a corner with Brexit. It is not unthinkable that, after a few decades of damp isolation in the middle of the North Sea, unloved and unappreciated by the rest of the world, the UK – in the mid-21st century – will re-apply for membership of the European Union, accept all its obligations, and become the most disciplined and enthusiastic member of all.

