The Strategic Fallacy of Brexit

By Steven Blockmans, Head of EU Foreign Policy, CEPS

The EU’s new Global Strategy (EUGS) professes that “[w]e live in a world of predictable unpredictability.” Yet, tipping points in international relations have rarely come as clearly scheduled and thoroughly previewed as the ‘In/Out’ referendum in the United Kingdom on 23rd June 2016. Like the fall of the Iron Curtain and the implosion of the Soviet Union, the consequences of Brexit could indeed be momentous.*

The degree of unpredictability will be partially determined by developments in European (and, as the popularity of Mr. Trump shows, American) politics: will it continue to look outwards towards an open global economy or will it be more nationalist and protectionist, reacting against the forces of globalisation? The new Global Strategy was presented to the European Council barely five days after the UK referendum, but has firmly pointed the EU’s foreign policy compass towards a liberal international economic order. While the prescription of acting through the EU as a necessary force multiplier is a commendable strategy for medium-to-small member states, the EUGS nevertheless risks being out of sync with domestic political developments in several EU countries now.

Slow-motion train Breckage

Global market fluctuations are likely to continue for as long as uncertainty reigns. Companies are preparing to move elsewhere and investments are being diverted while the British political class is embroiled in a Shakespearean tale of ambition and disloyalty. Uncertainties about the constitutional contours of the hitherto ‘United’ Kingdom are being compounded by debates about the nature of the country as a future neighbour of the EU.

While overwhelmingly pro-EU, Scotland is exploring ways to remain in the European Union, and Westminster is contemplating alternatives to the unsatisfactory models pioneered by Norway, Switzerland and other neighbouring or farther flung countries.** Arguably, continued membership of the European Economic Area (EEA) would allow the UK and the EU to rebalance their bilateral relationship after the rupture of Brexit. It is hard to see how ideas entertained by some Brexiteers about an ‘EEA Plus’ status for the UK could be realised, because it would mean the remaining 27 countries (EU27) and EU institutions agreeing to extend voting rights on the internal market to a non-EU state – a state that wants to restrict the free movement of labour.

CEPS European Neighbourhood Watch monthly newsletter focuses on the EU’s relations with its geographical neighbours: those in its midst, those included in the enlargement process, countries covered by the European Neighbourhood Policy and Russia. Each month the newsletter offers a round-up of the previous month’s major developments with links to the full text of each corresponding news item, analysis or official document. These links are presented in chronological order. This overview is complemented by an editorial note that focuses on a current development or a more long-term trend pertaining to the EU’s relations with its neighbours.

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Dealing with the effects of globalisation

The crisis triggered by the collapse of Lehman Brothers in 2008 dealt a major blow to international trade and finance. The UK referendum’s ‘Leave’ vote has now added labour mobility to the equation. While its impact is not expected to spread as quickly as in financial meltdowns, it will not subside anytime soon. Brexit sets a precedent for disgruntled electorates in other nations to rescind their respective political, legal and economic arrangements and to build walls against the negative forces of globalisation.

Presidential hopefuls in France and leaders of right-wing anti-immigrant parties in the Netherlands and other member states have welcomed the British move to pull up the drawbridge, calling for ‘In/Out’ referenda in their own countries. These populists most vocally express a feeling that is widely shared around Europe, namely that countries will be better off and have more freedom to act when not constrained by their membership of the EU.*** But this myth not only misrepresents the functioning of the EU and the (extended) single market, it also fails to understand the nature of sovereignty in a highly connected world defined by global value chains, fast technological advances and growing migration.

Increased autonomy calls for greater international cooperation and coordination to absorb the effects of global trends. As former British Prime Minister Gordon Brown observed before the referendum:

Meeting the needs and aspirations of the British people in the twenty-first century requires us to let go of the past, acknowledge that the present is defined by globalization, and recognize that the future is filled with opportunity. ****

The UK government’s own ‘Balance of Competences Review’ has produced ample evidence that this is best done by working through the European Union.

Saving the EU

The genie let out of the Brexit bottle has now come to Brussels. Competing interests are starting to emerge as to how the EU27 and the institutions should respond, in particular to the issue of globalisation. Whereas EU Trade Commissioner Malmström has said that the “negotiations with key partners will continue”,

Prime Minister Manuel Valls has declared that the TTIP agreement is no longer in the interest of France. Since no major change has occurred in the ongoing trade negotiations with the US, this stance cannot be interpreted otherwise than as having been politically motivated to appeal to French anti-globalists.

With tricky presidential elections scheduled to take place in April/May 2017, the questions until then are whether France will be outward- and forward-looking; whether it will want to have a say in how an open and fair international economic system is crafted and sustainable access to global commons is ensured; whether it will rally round the European flag with Germany (which has federal elections in the second half of next year) to save the integration project, or whether it will follow the UK and become a gravedigger of the EU.

The onus now is on all those who wish Brexit to be a positive turning point in the post-Cold War world order to come up with concrete ideas during the period of reflection that the EU27 have called for. Status quo will mean decline. If ever there was a time for bold proposals to regenerate political momentum for the European integration process, it is now. The Global Strategy for the European Union’s Foreign and Security Policy entitled “Shared Vision, Common Action: A Stronger Europe” comes at a particularly auspicious time. Indeed, “[w]e will [need to] equip ourselves to respond more rapidly and flexibly to the unknown lying ahead. A more responsive Union requires change.” More engagement is called for now, not estrangement.

* For analysis and further references see S. Blockmans and M. Emerson, “Brexit’s Consequences For the UK— and the EU”, Council of Councils Global Memo, 1 June 2016.

** See J.-C. Piris, “If the UK Votes to Leave: The Seven Alternatives to EU Membership”, CER Policy Brief, 12 January 2016.


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