

Michael Leigh*

Brexit and the European Commission

Abstract

Brexit will lead to a reduction in the EU budget of up to fifteen per cent, depending on the withdrawal agreement, if any, and on the willingness of other member states to make up the shortfall. This could lead to a drop of around 2,000 commission employees in different categories. The number of commissioners will fall from 28 to 27; Commission representation offices in the U.K. will close. Brexit could add to the centralization of power in the commission, with the president and the president's chief of staff, gaining further influence at the expense of the secretary-general and line departments. The absence of a British commissioner will make it harder to bridge the gap between commissioners from eurozone countries and those from countries not using the euro. The commission's commitment to freer trade and to extending the single market into new areas may be less vigorous in Britain's absence. Britain's departure may also put the commission's commitment to an open, accountable, transparent administrative culture under pressure. Brexit, together with other developments such as the possible appointment of a "Finance Minister" and accompanying bureaucracy, could accentuate inter-governmentalism in the EU, at the commission's expense. Member states committed to an integrated European approach and to maintaining an independent and effective European public service will need to be particularly attentive to such trends after Britain leaves.

1 The June 2017 British general election

The British general election of June 2017 has created further uncertainty concerning the manner in which the United Kingdom will leave the European Union. This is one of the factors that will affect the likely impact of Brexit on the European Union and the Commission, the main focus of the present paper. The new House of Commons elected in June will probably prove unable to endorse clear objectives for the Brexit negotiations or to adopt key legislation. The opposition will take advantage of every opportunity to unseat the government. The minority Conservative government will most likely be unstable and short-lived. It will probably depend on the ten members of parliament (MPs) of the Democratic Unionist Party of Northern Ireland (DUP) for a razor thin majority to approve essential legislation.

The DUP is strongly pro-Brexit and has socially conservative views. These conflict with the opinion of many Conservative MPs, not least Ruth Davidson, the party's leader in Scotland, whose followers won twelve parliamentary seats from the Scottish National Party (SNP) in the June election. The DUP opposes continued British membership in the EU's single market and customs union. At the same time, it is against a hard border between Northern Ireland and the Republic of Ireland, as well as any obstacles to free movement between Northern Ireland and the rest of the UK. Yet a hard border may be needed to control trade in goods as a result of Britain leaving the EU customs union. This is an example of the contradictory positions that are likely to dog the new British parliament.

* Michael Leigh is a Senior Fellow at the German Marshall Fund of the United States (GMF).

Dependence on this small idiosyncratic party will make it even harder for the present British Prime Minister Theresa May to maintain control of her own party, obtain the approval of the House of Commons for her Brexit strategy and find compromise solutions with the EU. It is likely that she will be replaced as Prime Minister in the coming months and that there will be a second general election. The Labour Party might then gain a majority, though the situation remains highly volatile. The resurrection of the Labour leader, Jeremy Corbyn, following his party's unexpected electoral success, may prove short-lived. The Labour Party under his leadership is now broadly favourable to Brexit and might eventually support a softer Brexit model, possibly involving British membership of the European Economic Area (EEA) or similar arrangements.

In any event, the June election has cast doubt on British negotiating objectives. The present parliament will be unable to endorse any specific Brexit strategy and may balk at Theresa May's proposed "Great Repeal Act." This would repeal the 1972 European Communities Act, the legislative basis for British EU membership, and enact into British law all current EU legislation, pending subsequent review. A minority government may not be able to persuade the House of Commons to adopt this massive piece of legislation, with a minimum of parliamentary scrutiny. Yet it is the legislative underpinning for Mrs. May's entire Brexit policy. Even if the Brexit negotiations open formally as planned, they are unlikely to make real progress until a government with a clear mandate is in place in London.

The British government formed in June 2017 will be weaker than its predecessor and, therefore, less able to resist the unified negotiating position of the European Union (EU). This government or its successor may face the choice between largely accepting the EU's negotiating position on the sequence of the negotiations and the proposed withdrawal agreement or of crashing out of the EU without any agreement at all, a damaging outcome for all parties, but especially for Britain. This could be averted if the U.K. and the EU reach agreement on a transitional period providing for a standstill until a long-term agreement establishing the framework for future relations takes effect.

However, many MPs would reject the EU's conditions for such an arrangement: continued free movement of workers, budget payments and jurisdiction by the European Court of Justice. Both British Brexiters and the European Parliament will be keen to limit the length of any transitional period, for fear that it may become permanent.

Accommodating the U.K. will not be a priority for the new governments in Berlin and Paris, to be formed following this year's elections. Rather they will be looking to address the domestic concerns of their voters, shore up the EU and find solutions to its multiple problems, from eurozone governance to migration.

2 Brexit scenarios

The EU's reaction to Brexit will be affected by the international environment. The forces behind the Brexit vote in the June 2016 referendum form part of a broader populist challenge to the principles framing transatlantic relations and international politics for much of the post-World War II, post-Cold War period. This challenge takes place against the background of Russian assertiveness and aggression, China's increasing international role, instability to the south and east, the prospect of further large-scale migration as well as terrorism, whether home-grown or launched from abroad, and a tenuous recovery from the post-2008 recession. It occurs also at a time when there are hopes that the eurozone's structural weaknesses may be addressed, at least in part, through the efforts of France's new president Emmanuel Macron, and the German chancellor, Angela Merkel, or her successor, after the German elections in September.

Scenarios for Brexit range from a smooth transition or implementation period, during which many EU rules, laws and institutional arrangements will continue to apply in Britain, pending the entry into force of a new long-term agreement, to a "hard Brexit" under which the UK will simply leave the EU, pursuant to article 50 of the Treaty on European Union, without any agreed "divorce settlement" or outline of the future EU-U.K. relationship. This is often referred to in Britain as the "cliff edge."

But EU leaders are eager to move on from Brexit to address other pressing issues and will be reluctant to agree to transitional arrangements. The EU's conditions for a transition or "implementation" period are likely to prove unacceptable to many British politicians. These conditions include continued free movement of workers, payments into the EU budget and the jurisdiction of the European Court of Justice (ECJ). All three are anathema to diehard Conservative MPs and find little sympathy in the Labour Party leadership. Yet other Conservative leaders, especially Ruth Davidson in Scotland, appear ready to give priority to the single market and trade over restricting immigration. If these differences become acute, the Conservative Party might split, presaging a possible political realignment in Britain.

The nature of the future relationship between Britain and the EU remains to be determined. The predominant assumption in mid-2017 is that it will take the form of a Free Trade Agreement, broadly resembling the EU-Canada Comprehensive Trade and Economic Agreement (CETA) but tailor-made for Britain. The CETA experience as well as the Association Agreement between the EU and Ukraine show how difficult it might be to obtain unanimous approval of an ambitious “mixed” agreement, i.e. an agreement to which all member states as well as the EU as such would be party. Yet the “deep and special” relationship that Mrs. May is seeking should, in the British view, cover also security and migration issues that involve the legal responsibility of member states.

In any event, several years will be required to negotiate and give legal effect to any long-term framework for U.K.-EU relations. The EU insists that in a first phase the negotiations will focus only on the “divorce settlement” itself and especially the questions of citizens’ rights, Britain’s financial obligations towards the EU, enforcement and dispute settlement and avoiding a new physical border between Northern Ireland and the Republic of Ireland. Such a border, if put in place to control goods at the future external frontier of the EU customs union, could upset the delicate equilibrium of the 1998 Good Friday agreement that put an end to the troubles in Ireland.

In early jockeying for position, both sides have acknowledged that the negotiations may break down over these thorny issues, especially the financial settlement, where large headline figures can be exploited by the press and seized on by public opinion.

The impact of a hard Brexit on the EU will depend also on Britain’s choice of an economic model. If the negotiations break down, a future Conservative government may be tempted to adopt an economic model that will bring the U.K. into confrontation with the EU. A low tax, light regulation regime with sweetheart deals to attract investment, would provoke retaliation by the EU. The EU has tolerated low Irish corporation tax, despite opposition in several member states; attempts to harmonize corporation tax at EU level have been unsuccessful. But a light taxation regime in the U.K., the fifth largest economy in the world, would be seen as a bigger threat and could trigger a trade war.

3 Impact on policy

The upshot of the UK-EU exit negotiations remains hard to predict, especially now that Britain lacks a government with a stable parliamentary majority. For present purposes,

the type of Brexit will be held constant in an effort to sketch the broad implications of British withdrawal for EU policies and institutions, notably the Commission. Some initial implications are mechanical, following, for example, the cessation of budgetary contributions by the UK and of EU expenditure in Britain. Even here, however, there is a range of options as to how the EU adapts to a reduced overall budget. Other implications are qualitative and require a schematic analysis of the likely impact on policy.

Britain’s declining engagement in European affairs has been built into EU policy-making at least since a referendum was announced as part of the Conservative Party’s electoral platform in 2015. In some areas, it has been assimilated into EU policies and activities for many years, due to Britain’s various opt-outs and preference for low-key participation in EU initiatives. Britain, according to some observers, has been missing in action in Europe for some time. A case in point is its absence from the Normandy contact group, consisting of France, Germany, Russia and Ukraine, which is seeking a resolution of the Ukraine conflict.

This means that Brexit, when it occurs, will accentuate existing trends rather than jolt EU policies onto a wholly new path. Britain’s departure may have a disproportionate effect on policies and practices favoured by smaller member states that are not part of the Eurozone, as these countries will lose the only large member state that defended similar viewpoints and policy preferences. It may also accentuate trends towards inter-governmentalism, at the expense of the Commission. These possible effects of Brexit are examined below.

Britain has had a decisive influence in shaping the EU’s policy agenda over past decades. This is manifest in areas as diverse as trade, competition, single market, budget, climate change, environment, fisheries, the structural funds, development assistance and external relations. Former British Prime Minister Margaret Thatcher played a major role in creating the single market between 1985 and 1990, working together with former Commission president Jacques Delors to eliminate obstacles to the free movement of goods, services, workers and capital. It is ironic that Theresa May is intent on withdrawing Britain from the single market, one of Mrs. Thatcher’s signature achievements, which the Conservative Party and successive British governments long considered synonymous with British national interests.

Despite this, Britain remains, on the whole, a proponent of free trade. Britain’s departure is likely to change the balance of

opinion in the EU towards greater protectionism, including greater recourse to trade defence instruments. The new French president Emmanuel Macron is supportive of trade liberalization in general. Nonetheless, he campaigned to strengthen the EU's capacity to build a "protective Europe" and, among other measures, will seek to control the take-over of European companies in strategic areas by foreign investors. Governments among the 27 that favour the open international trading system will need to build coalitions to resist protectionist initiatives, after Britain leaves.

Britain and the Nordic countries have been strong advocates of better regulation and the reduction of red tape. This was one of former Prime Minister Cameron's key demands in seeking, rather late in the day, to maintain British membership in the EU. Commission vice-president Timmermans is now pursuing this agenda and will need greater political support for it from remaining member states once Britain leaves.

Britain, together with the Nordic countries, has had a major influence on EU policy on enlargement, the EU's neighbourhood, and foreign and security policy (CFSP) in general. These areas have lost momentum because of the EU's internal crises, design faults in the policies, as well as governance, political, economic and regulatory shortcomings in countries seeking closer links with the EU. Russian interference in Eastern Europe and the Balkans is further undermining the EU's support for transition to democratic market-based systems. Democratic backsliding in some of the former-communist countries, which joined the EU in 2004 and 2007, as well as the migration crisis, have exacerbated "enlargement fatigue."

In parallel, the EU's "magnetic attraction" has declined and it must increasingly compete for influence in its neighbourhood with other actors including Russia, China and Iran. These countries provide financial, technical and, in some cases, military assistance without the kind of political conditionality practiced by the EU. Nonetheless, enlargement and neighbourhood policy, adjusted to current circumstances, remain part of the EU's tool-box. Britain's departure will change the balance within the EU on such issues. Remaining member states, including Sweden, that continue to attach importance to them will have to work harder to keep such initiatives on the EU's priority list after Britain leaves.

Britain is a strong supporter of sanctions against Russia, following its annexation of Crimea and aggression in Eastern Ukraine. Britain also supports Commission

initiatives to diversify energy sources away from Russia and to identify and counter Russian propaganda through the social media and by other means. Russia's own actions in Ukraine and Syria, as well as its growing influence in the Balkans, and interference in the democratic process in France, preceding the 2017 presidential election, and, indeed, in the United States, mean that the EU will hold the line on sanctions for some time. Nonetheless, in the absence of fresh Russian incursions in the Baltic or elsewhere, the balance of sentiment is likely to shift gradually towards seeking an accommodation with Russia, following Brexit.

Britain played a major role in creating European Political Cooperation (EPC), the fore-runner of today's CFSP. Indeed, recovering international influence after decolonization was among the original motivations for Britain's joining the European Economic Community (EEC) in 1973. The predominantly inter-governmental character of foreign policy cooperation appealed to British political leaders, diplomats and officials. Britain backed the CFSP, especially during the tenure of a former British minister and commissioner, Catherine Ashton, as high representative between 2009 and 2014.

Nonetheless the impact of the CFSP has been limited and its executive arm, the European External Action Service (EEAS) is struggling to establish a clear role for itself and *esprit de corps*. Leaders of the larger member states are generally unwilling to delegate responsibility for "high policy" questions to the EU's high representative and foreign policy bureaucracy, restricting them largely to coordination and implementation tasks. Smaller member states, however, attach importance to the CFSP and its offshoots in the hope that it will enhance their more limited international outreach.

Britain's departure may, theoretically, remove an obstacle to greater cooperation on CFSP and, especially, the Common Security and Defence Policy (CSDP). This has been talked up by President Emmanuel Macron of France and other EU leaders. Some analysts see in the European Defence Agency, "Permanent Structured Cooperation" (PESCO) and the EU's newly agreed "Planning and Conduct Capability" (MPCC) the nucleus of a future operational military capability. US President Donald Trump's failure to endorse the core principle of mutual defence embedded in the North Atlantic Treaty Organisation (NATO) have strengthened calls for the EU to move ahead in the field of security and defence. It has also led to renewed demands for more EU-NATO cooperation.

As an EU member state, Britain opposed the notion of Europe's "strategic autonomy," manifested in moves towards a European defence capacity separate from NATO, while at the same time insisting on NATO's goal of devoting 2% of GDP to security and defence. Nonetheless, Britain's permanent UN Security Council seat, nuclear weapons, capacity to project power internationally, including the launching of two aircraft carriers in the coming years, and its role in intelligence gathering, counter-terrorism, and cyber-warfare lent credibility to European ambitions to become more active in these fields. Despite its opposition to the notion of Europe's strategic autonomy, Britain's capabilities lent credibility to EU ambitions in security and defence.

With a view to Brexit, non-NATO EU member states with limited military capabilities of their own, including Sweden, may wish to support efforts to build up the EU's own role in security and defence, especially in light of their heightened sense of threat from Russia. If the Brexit negotiations reach the second phase foreseen by the EU's negotiating directives, the talks should focus *inter alia* on how cooperation on security and defence can be built into Britain's future relationship with the EU.

At the same time, this could further the trend towards ad hoc inter-governmental arrangements, to the possible detriment of the Commission, European Parliament and the interests of smaller member states. Britain's departure might lead to greater cooperation between NATO and the European Defence Agency, especially if a Cyprus settlement is eventually reached. This is fraught with uncertainty, however, and no progress is expected before the February 2018 Presidential election in the Republic of Cyprus.

Brexit as well as changes in the international environment, will affect the balance of opinion inside the Commission on other key policy issues. In future, the Commission will need encouragement from the member states in order to:

- defend the open international system and further trade liberalization
- resist calls for restrictive trade policy measures
- extend the single market into new areas such as digital services
- pursue vigorously "better regulation" and subsidiarity
- restrain the expansion of EU budgetary commitments and payments
- rebalance expenditure from agricultural subsidies and the structural funds to innovation, research and development

- support
 - further enlargement (already a reduced priority) and
 - a recalibrated neighbourhood policy, designed to bring stability to Europe's east and south
- maintain sanctions on Russia until progress has been made in the Minsk process

Member States that attach importance to the Commission continuing to take initiatives in such areas will need to be particularly vigilant following Britain's departure. The election of a French President with a liberal, internationalist outlook, as well as Germany's continuing interest in prying open export markets may act as a counter-weight to the departure of Britain, with its attachment to freer trade.

There is an ambitious programme of ongoing EU trade negotiations as well as agreements awaiting finalization. Member states that have an interest in freer trade should pursue this agenda vigorously, after Britain's departure. If Britain leaves the customs union, as Mrs. May proposed, there may be an element of competition between Britain and the EU in concluding trade agreements with third countries. Most of Britain's potential negotiating partners will demand, however, a clear vision of Britain's future trade and investment relationship with the EU before negotiating bilateral agreements. Some may give priority to trade agreements with the EU of 27, a market of almost 450 million people, over bilateral agreements with Britain, and its 65 million consumers. The "America first" slogan of the Trump administration raises questions about the benefits that either the U.K. or the EU could secure through trade negotiations with the United States.

Policy areas on which Britain has been reluctant in the past and which may open up for new initiatives following its departure include a common consolidated corporate tax base, employment and social policy, retraining and support for sectors affected by globalization, own resources, and defensive trade policy measures.

4 Impact of Brexit on the Commission

The impact of Brexit on the Commission will, initially, be mechanical. A reduction in the number of Commissioners from 28 to 27, a reduction in the EU budget of up to 15%, a halt to the recruitment of British officials, closure of Commission representation offices in the United Kingdom, to be replaced by an EU delegation, and so on. Even in such straightforward areas, the impact will depend on the "divorce settlement", including the financial package and any possible transitional or implementation period.

If, in the course of negotiations, Britain accepts continuing financial commitments for a certain period, after exit, it will be possible to attenuate or to delay the full impact of its departure on budget and personnel. If there is a hard Brexit, with no agreed settlement, the continued employment of the approximately 1,000 Commission staff of British nationality and arrangements for the payment of the pensions of retired British officials may be cast into doubt.

There will be difficult decisions to be taken on how to apportion budget cuts following Britain's departure. It seems unlikely that other member states would be ready to increase their contributions to make up for the shortfall. A reduction of the EU budget of between 10 and 15 per cent, as a result of Britain's departure, could result in a loss of 2,000+ Commission staff if applied across-the-board. There may be pressure to modify the staff regulations, making salary and conditions less attractive if staff numbers do not fall significantly through "natural wastage." This would make it even harder to recruit qualified staff from the Nordic countries and some other member states with higher living standards.

Until recently, British officials played a major role as heads of cabinet of Commissioners of various nationalities, directors-general, and their assistants. This gave the United Kingdom a strong influence on both management and the policy agenda, generally favouring liberalization, deregulation, competitiveness and a major EU role in stabilizing the European continent, especially through enlargement and neighbourhood policy. British Commissioners and officials have often worked together on this agenda with officials from the Nordic countries, Ireland and new member states.

British influence, at its height, helped ensure a relatively transparent approach to recruitment of commission staff on the basis of merit. Over the past two decades, however, it has proved difficult to recruit British citizens to work in the Commission, at different levels, reflecting the rise of Euroscepticism as well as the higher incomes that could be earned in the City of London and elsewhere. The United Kingdom has tended to send less influential figures to Brussels as Commissioners since 2008. The number of British heads of cabinet has fallen to one in the present Commission.

Under these circumstances, it seems probable that Brexit will increase the influence of remaining larger member states in the Commission, at the expense of smaller member states. The trend towards greater German influence has been apparent at least since 2008. The last two Commission

presidents, from Portugal and Luxembourg, have had German heads of cabinet. Similar trends are visible in the European Parliament and the EEAS. After Brexit, there may be pressure from Germany, France and others to appoint powerful vice-presidents from larger member states. Germany and France now share between them twelve of the forty posts at Director-General level.

The current Commission president Jean-Claude Juncker, selected under the "lead candidate" arrangement accepted, somewhat reluctantly, by the member states in 2014, was not the first choice of the German chancellor but nonetheless has generally cleaved to positions favoured by Berlin. As a counter-weight, Commissioners from smaller, non-Eurozone countries have tended to form tacit alliances with British Commissioners in the past. In the present Commission, six of the seven vice-presidents are from smaller member states. They have high profile positions but lack their own departments, must draw on the Secretariat-General for support and often have less influence than line Commissioners.

There will be other qualitative changes in the functioning of the Commission that are difficult to assess. The European Commission's modus operandi and administrative culture bears a British imprint. This reflects the influence of strong British Commissioners in the 1980s, 1990s and early years of the 21st century. A British official, David Williamson, served as Secretary-General of the Commission from 1987-1997. Since then two Irish officials worked as Secretary-General from 2000-2015, preserving to a certain extent the institution's northern European administrative culture, with its emphasis on transparency, accountability, ethics, integrity, impact assessment and sound financial management.

The "Kinnock reforms," named for Neil Kinnock, former leader of the British Labour Party and vice-president of the Commission in charge of administrative reform from 1999-2004, largely set the tone for a more open and accountable management style. This contrasted sharply with the dominant approach in the Commission during much of the four previous decades. Some observers consider that the spirit of the Kinnock reforms has already been eroded and that this may be accentuated by Britain's departure. Brexit may weaken transparency and accountability in favour of informal networks and deal-making, adding to the demoralization of Commission staff.

The role of Secretary-General, reflecting the interests of Europe as a whole, has already lost ground to that of head of cabinet of the Commission President. Recently, Secretaries-

General have tended to acquiesce in politically-motivated decisions on personnel and administration. A strong chief of staff of the President may help prevent Commissioners from working in separate “silos.” However, this is more widely perceived as an undesirable authoritarian trend, which has already led to the resignation of a particularly capable Commission vice-president, Kristalina Georgieva of Bulgaria. In general, however, institutional inertia will probably preserve the broad lines of the more transparent and accountable style adopted following the Kinnock reforms, despite a degree of erosion.

The “*esprit de corps*” and morale of Commission staff has declined in recent years for a number of reasons:

- the resurgence of nationalism in Europe
- the persistence of crises in core areas of EU activity
- the trend towards inter-governmentalism in EU decision-making
- frequent predictions of collapse by senior EU public figures
- terrorism and increased security measures
- the removal of “external relations” (“RELEX”) from the Commission’s responsibilities through the establishment of the European External Action Service (which itself faces a morale problem)
- the relative increase in the number of “contractual staff” compared with established officials, weakened the sense of being part of an independent European public service
- The stagnation of salaries in real terms making it hard to recruit qualified staff, especially from the UK, the Netherlands and the Nordic countries
- a fear of growing irrelevance and public disdain, exacerbated by the rise of Eurosceptical political movements

These tendencies will be exacerbated by Brexit, although some maintain that, freed from British obstructionism, the Commission will have more room for manoeuvre. This remains to be seen, however, because of current rifts on the euro, migration, relations with Russia, and other issues.

A number of public figures have called into question the use of English as a working language within the Commission after Brexit. The Commission switched from the predominant use of French to English in drafting documents and holding meetings in the 1980s. This trend was reinforced by the accession of Finland and Sweden and, later of countries in central and Eastern Europe, as well as Cyprus and Malta. English is the main language used in

international communications and will continue to be the language in which most original Commission documents are drafted. English is one of the official languages of Ireland and Malta and unanimity would be needed among the 27 remaining member states to change the list of EU official languages.

Another field that may be affected by Brexit is cooperation between Eurozone “ins and outs.” In principle all remaining member states, except Denmark, which has an opt-out, should eventually join the euro. But this seems unlikely within the foreseeable future. Pressure on the Czech Republic, Poland and Sweden to join the euro is likely to grow once Britain has left the EU, especially if the Eurozone pursues further integration. If the post of eurozone “finance minister” is created, in line with the programme of French president Emmanuel Macron, with an accompanying bureaucracy similar, *mutatis mutandis*, to the EEAS, the trend towards inter-governmentalism would be accentuated, at the expense of the Commission.

Britain has played a leading role in ensuring that Commissioners from non-Eurozone countries are fully involved in decisions on economic and financial matters affecting the 28 as a whole. This was one of the previous British Prime Minister, David Cameron’s, key demands. It will be harder to maintain this position without Britain.

5 Overall

The EU and its institutions will be hit hard by Brexit. It will exacerbate existing difficulties and drain political energy from efforts to address the EU’s multiple internal and external challenges, at a time of wavering support from across the Atlantic.

The UK provides an important market for EU exporters and has played a major role in preserving the open international trading system despite protectionist pressures. Britain has been at the heart of efforts to strengthen and extend the single market, which is the EU’s fundamental economic achievement. Many citizens in continental Europe still refer to the EU as “the common market.” Britain has campaigned against erosion of the single market and pushed for its extension into new areas, notably digital and other services. Others will have to take up this cause after Britain leaves.

Britain and Sweden were among the principal advocates of enlargement that led the EU to provide an umbrella for transition to democracy and the market economy in former communist countries accounting for 100 million people. This remains unfinished business both in aspirant countries

in the Balkans and in central European member states whose governments are backsliding on democracy and fundamental rights. The Commission needs to be vigorous in using the remedies provided by EU law, overcoming reticence arising from spurious solidarity within pan-EU political families, such as the European Peoples Party or the Socialists and Democrats group. Nonetheless, contrary to widespread perceptions, few of the existential difficulties confronting the EU, from eurozone governance to migration, stem from the new member states.

The Commission became a relatively transparent modern institution largely under British influence, notably the “Kinnock reforms” of 1999 – 2004. Observers and practitioners in many European countries lose sight of the UK’s central role in making the EU what it is today. They are misled by the British aversion to European federalism, which is still the prevailing EU ideology, or rather discourse, in a number of member states. This, and the grating manner of some British politicians, distracted other Europeans from recognizing the UK’s positive contribution to European cooperation and integration in practice. The British approach has always been results-oriented, rather than declaratory. This “transactional” approach has sometimes appeared treacherous in countries whose attachment to the “European project” stems from a very different history and outlook.

Brexit was not the inevitable result of the “semi-detached” attitude of the British but rather the result of leadership failures and misjudgements by former Prime Minister David Cameron, compounded by the cynical decision of his successor, made for party political reasons, to aim for a “hard Brexit,” taking Britain out of the single market and the customs union, as well as the EU as such, regardless of political, economic and administrative consequences. This approach, if maintained following the Conservative government’s setback in the June 2017 election, will produce negative effects both for Britain and the EU over coming decades, distracting policy-makers and the public from other pressing challenges.

The impact of Brexit on both sides could be attenuated in the course of the negotiations if there is agreement on a realistic transition or “implementation” period, allowing for a phased withdrawal. It is uncertain, however, whether EU leaders will wish to pursue this as it would continue to focus attention on problems with Britain and distract the EU from other pressing concerns. In Britain, accepting EU terms for a smooth transition would be highly controversial. It is unlikely that British leaders will change their mind about

withdrawal, unless the public begins to complain about the effect of Brexit on their daily lives and votes accordingly in a second early general election.

Against this background, the notion that Brexit can provide the impetus for a new, more intense phase of integration among remaining member states remains to be tested. The core of the European project today is the euro, from which Britain has an opt-out. Britain’s departure will lead to efforts to claw back euro-clearing business from London to other European financial centres. But this will not affect fundamental differences, notably between France and Germany, concerning the foundations of eurozone stability. After this year’s elections, France may go some way towards structural reform and Germany may accept some increased responsibility for correcting eurozone imbalances. There may be some loosening of current austerity policies. But such palliatives will be insufficient to ensure the euro’s long-term sustainability.

Britain’s departure will also be marginal to influencing the will and capacity of European leaders to put into place proper joint controls of external borders and more equitable arrangements at EU level for evaluating and sharing responsibility for asylum seekers, whose numbers are bound to increase in the years ahead. The Commission will be tempted to use instruments within its purview, including trade defence mechanisms and competition policy, to demonstrate its continued capacity to act. It will be more important than ever to ensure that such intervention is balanced and objective, and not primarily a display of individual or institutional prowess.

A breakdown in the negotiations and unilateral British measures to enhance its competitive position would have a profoundly negative impact on the work of the Commission. The Commission would then spend much time and resources implementing countervailing measures against Britain. At the same time its staffing levels would be under threat because of a reduced budget. It would then be a challenge to maintain the morale, independence and efficiency of the European public service and to pursue policies based on liberalization and openness.

Remaining member states that have an interest in preserving the EU’s main achievements as well as the open international economic system will need to step up their vigilance and to mobilize opinion at home, in the European Parliament and in the Council, in support of policies and administrative arrangements that may come under pressure after Britain’s departure.

As far as the Commission itself is concerned, smaller member states in particular will need to be attentive to

- avoid an excessive centralization of influence inside the Commission
- ensure that nominations are made to the next Commission in 2019 of sufficient calibre to command respect and authority
- control the drift towards inter-governmentalism, which could be enhanced by possible ad-hoc arrangements for security cooperation with Britain and by the French president's proposal for the establishment of a finance minister (and accompanying separate bureaucracy) for the eurozone
- preserve transparency and accountability throughout the Commission

- provide incentives to restore the morale of Commission officials
- ensure that Commissioners from non-Eurozone countries are not marginalized in the internal decision-making process, after Britain has left

Brexit remains a lose-lose proposition both for Britain and the European Union. Further political changes in the UK may modify the country's negotiating objectives. Given the atmosphere of increased uncertainty following the June 2017 British election, attention to the points raised in this paper could go some way to limiting the damage. Only once the British leadership issue has been settled, probably following a second general election, will the UK negotiators switch from election-winning to negotiating mode.

European Policy Analysis available in English

2017

2017:5epa

Brexit and the European Commission

Author: Michael Leigh

2017:4epa

How is Juncker's 'last-chance Commission' faring at mid-term?

Author: Sophia Russack

2017:2epa

The European Commission: Less a Leader and More a Manager?

Authors: Neill Nugent and Mark Rhinard

2016

2016:15epa

Sweden and the Euro: The Neglected Role of EU Membership

Authors: Nauro F. Campos, Fabrizio Coricelli and Luigi Moretti

2016:14epa

The law and practice of solidarity in the Common European Asylum System: Article 80 TFEU and its added value

Author: Eleni Karageorgiou

2016:13epa

The EU and Belarus: seizing the opportunity?

Author: Elena A. Korosteleva

2016:12epa

Regional Productivity Convergence in Advanced and Emerging European Economies

Authors: Kadri Männasoo, Heili Hein and Raul Ruubel

2016:11epa

The Eurasian Economic Union and the European Union Geopolitics, Geo-Economics and Opportunities for Europe

Author: Sijbren de Jong

2016:10epa

Responses to the "refugee crisis": What is the role of self-image among EU countries?

Author: Rebecca Thorburn Stern

2016:8epa

Leaving the European Union, the Union way A legal analysis of Article 50 TEU

Author: Christophe Hillion

2016:7epa

A brief on the politics and economics of the Transatlantic Trade and Investment Partnership

Author: Håkan Nordström

2016:5epa

The EU and Russia: managing the new security environment in the wider Europe

Author: Derek Averre

2016:4epa

The infringement proceedings over intra-EU investment treaties – an analysis of the case against Sweden

Authors: Joel Dahlquist, Hannes Lenk and Love Rönnelid

2016:3epa

A Critical Insight into Europe's Criminalisation of Human Smuggling

Author: Ilse van Liempt

2016:2epa

Irregular Immigration in the European Union

Authors: Pia M. Orrenius and Madeline Zavodny

2016:1epa

Overseeing the rule of law in the European Union: Legal mandate and means

Author: Christophe Hillion

2015

2015:27epa

The challenge of completing the EU internal market for natural gas

Author: Tim Boersma

2015:26epa

Big Brussels is Watching You? Enhancing Transparency in EU External Energy Deals

Author: Sijbren de Jong

- 2015:25epa
Completing the Union: Is the European Energy Union Really Real?
Author: Harold James
- 2015:23epa
The constitutional and historical relevance of the AFSJ and the CFSP/ESDP
Author: Massimo Fichera
- 2015:22epa
Intelligence and decision-making within the Common Foreign and Security Policy
Author: Björn Fägersten
- 2015:20epa
The Regulatory Cooperation Chapter of the TTIP Challenges and Opportunities
Author: Alberto Alemanno
- 2015:19epa
Low Inflation and Deflation in EU Countries Outside the Euro Area: Should Policymakers be Concerned?
Authors: Plamen Iossifov and Jiří Podpiera
- 2015:17epa
Social Housing in Europe
Authors: Kathleen Scanlon, Melissa Fernández Arrigoitia and Christine Whitehead
- 2015:15epa
The Balance of Power over the EU Budget: European Expenditure since the Lisbon Treaty
Author: Giacomo Benedetto
- 2015:14epa
The Usefulness of the Scoreboard of the Macroeconomic Imbalances Procedure in the European Union: Potentials for Reform
Author: Tobias Knedlik
- 2015:13epa
The impact of mega regional agreements on international investment rules and norms
Author: Steve Woolcock
- 2015:12epa
The Impact of the Transatlantic Trade and Investment Partnership (TTIP) on the Spanish Regions – A Preliminary Analysis
Authors: José Villaverde and Adolfo Maza
- 2015:11epa
Transatlantic Market Integration, Business and Regulation: Building on the WTO
Authors: Bernard Hoekman and Petros C. Mavroidis
- 2015:10epa
Juncker's investment plan: what results can we expect?
Author: Martin Myant
- 2015:9epa
Russia's economic troubles – a perfect storm of falling oil prices, sanctions and lack of reforms
Author: Torbjörn Becker
- 2015:8epa
Entering a World of Footloose Tax Bases: Can the EU Generate Its Own Income?
Author: Daniel Tarschys
- 2015:7epa
Britain and the EU: a negotiator's handbook
Author: Roderick Parkes
- 2015:6epa
Europe's pivotal peace projects: Ethnic separation and European integration
Author: Lynn M. Tesser
- 2015:5epa
Groundhog Day in Greece
Author: Thorsten Beck
- 2015:4epa
The Greek elections of 2015 and Greece's future in the eurozone
Author: Dionyssi G. Dimitrakopoulos
- 2015:3epa
The diplomatic role of the European Parliament's parliamentary groups
Author: Daniel Fiott
- 2015:2epa
Social Policy and Labour Law during Austerity in the European Union
Author: Niklas Bruun
- 2015:1epa
International Trade Union Solidarity and the Impact of the Crisis
Authors: Rebecca Gumbrell-McCormick and Richard Hyman

2014

2014:9epa

Making Sense of Subsidiarity and the Early Warning Mechanism – A Constitutional Dialogue?

Author: Jörgen Hettne

2014:7epa

A Comparative Framing of Fundamental Rights Challenges to Social Crisis Measures in the eurozone

Author: Claire Kilpatrick and Bruno De Witte

2014:4epa

Why vote at an election with no apparent purpose? Voter turnout at elections to the European Parliament

Author: Mark N. Franklin

2014:3epa

The EU Budget and Balance of Powers Between the European Parliament and the EU Governments

Author: Sara Hagemann

2014:2epa

Between a rock and a hard place: the future of EU treaty revisions

Author: Carlos Closa

2014:1epa

Scrutiny in Challenging Times – National Parliaments in the eurozone Crisis

Authors: Katrin Auel and Oliver Höing

2013

2013:18epa

The outer reach of state obligations under deposit guarantee schemes – What can we learn from the Icesave case?

Authors: Thor Petursson and Asta Solillja Sigurbjörnsdottir

2013:17epa

Towards Cruising Speed? Assessing the EU Strategy for the Baltic Sea Region

Authors: Kristine Kern and Stefan Gänzle

2013:16epa

The European Council – the new centre of EU politics

Author: Uwe Puetter

2013:15epa

Why the 2014 European Elections Matter: Ten Key Votes in the 2009–2013 European Parliament

Author: Simon Hix

2013:14epa

Germany at the polls – what Europe can expect

Author: Julian Rappold

2013:13epa

The First Leadership Test: What to Expect from the Lithuanian Presidency of the EU

Author: Margarita Šešelgyte

2013:11epa

Enlarging the European Union and deepening its fundamental rights

Author: Christopher Hillion

2013:7epa

Strategic Use of Public Procurement – Limits and Opportunities

Author: Jörgen Hettne

2013:7epa

Strategic Use of Public Procurement – Limits and Opportunities

Author: Jörgen Hettne

2013:6epa

Alternative Dispute Resolution for Consumers in the Financial Services Sector: A Comparative Perspective

Author: Iris Benöhr

2013:3epa

The EU Neighbourhood Competence under Article 8 TEU

Author: Christophe Hillion

2013:2epa

The creation of an internal market for mortgage loans: A never-ending story?

Author: Christian König

2013:1epa

What to Expect from Ireland's Presidency of the Council of the European Union

Author: Linda Barry