

The EU's Innate Existential Crisis

by Robert Harris (August 2016)



The fallout came soon after news of the result of the Brexit vote arrived. Markets reacted sharply due to an excessive hedging of bets on Sterling. Matters calmed somewhat after the 27th June, but would again sink days later, with investors attempting to pull out of the UK property market, etc., inevitably forcing some companies to suspend trading. Markets have stabilised but are expected to dip repeatedly in the coming years with the protracted release of news of economic slowdown. Some Brexit voters probably have buyers remorse, while the 'Remain' camp went into 'we told you so' mode, but the very negative sentiment espoused by 'Project Fear' will play no small role in taking the UK economy into recession.

The British establishment made the same mistake two years running: polls suggesting a hung parliament were accepted as truth, prior to the re-election of the Tory Party in 2015. In view of political uncertainty, the government could have decided to postpone the referendum until 2018. Such a move would have met with objection from the Tory's Euro-sceptic contingent, and a surging UKIP electorate, but fire-walling the economy would have benefitted a Brexit stance

in debate: the Treasury would have had the opportunity to pay down a substantive swathe of its immense sovereign debt, issue long-term bonds, and then be in a position to impose a policy of currency devaluation to bolster trade.

The government has rejected the notion of a second EU referendum, but the crisis may bite sufficiently for it to become politically inexpedient to initiate a formal exit without establishing a further mandate from the electorate. Teresa May's new cabinet could also come under immense pressure if Scotland continues to push for a UK-exit, and if Labour achieves a resurgence by dumping leader Jeremy Corbyn, where the leftists can position themselves as the true pro-EU 'Bremain' party. If a very substantive economic crisis hits in the coming months, there may be pressure to call a further general election, which would easily metamorphasise into a second referendum.

The EU appears to be moving toward ever-closer integration, even though a number of member-states are attempting to grapple with a resurgent euro-scepticism. There are indications that the EU's reaction to the Brexit crisis may be an intensification of the integration process, perhaps as a defensive measure – to make it nigh-on impossible for member-states to step away from the entity without the most substantive economic pain, even though the 2008 crisis has shown that such a highly centralised one-size-fits-all economic union is problematic in the face of challenging economic climates. The EU feels [have argued](#) that the Franco-German axis is coming unstuck, with France's diminishing economic strength. The democratic deficit at the core of the EU was illustrated, albeit unwittingly, in the aftermath of the Brexit vote, when the influential six founder members (Belgium, France, Germany, Italy, Holland and Luxembourg) of the 'European Economic Steel and Coal Community' (ECSC), and of the subsequent (1967-93) 'European Economic Community' (EEC) framework, met behind closed doors on the 25th of June, to discuss the success of the Brexit vote. They decided to push for greater union at a time when Euro-scepticism is at an all time high.

A 'Big-Three' meeting on the 27th, with French PM Francois Hollande, Germany's Angela Merkel, and Italy's Matteo Renzi, reiterated that talks on a deal between the EU and the UK could only begin after the latter invokes Article 50, which allows a two year limit to disentangle a given nation from the EU institution. Merkel voiced the most conciliatory words toward the UK Brexit, but even she affirmed that there could be no 'formal' or 'informal' negotiations before that

point.

Hollande reasserted the demand for greater political and economic integration, which he echoed at the EU 'Leaders Summit' the following day. Some leaders at day-two of the summit expressed interest in further integration, to apparently make the EU more relevant to European citizens, although some of the politicians conceded on the public's migration concerns with respect to breached EU borders.

A number of British politicians signalled that the commencement of talks would have to begin after a new prime-minister and cabinet was formed in the Autumn, However, the EU's response to this timeframe was mixed. Irish minister Dara Murphy, argued that the UK needed time. Belgium's prime-minister, Charles Michel, lashed out at the UK, before attending the EU summit meeting, stating that he would not tolerate being endlessly blackmailed, with Europeans being "messed around." President Donald Tusk advised the media that they are ready to advance the process "even today." The summit meeting with former PM David Cameron was cordial, but afterward Jean-Claude Juncker pressed for as a rapid a divorce as possible. Planning for the following day's summit excluded Cameron's attendance.

Likewise, at a meeting of the EU parliament on the 28th, Juncker strayed from a speech, to wonder aloud: why UKIP members were still attendant at the Parliament? It is surely obvious that the UK electorate deserves representation while the State remains a member of the EU for several years to come. The parliament passed a resolution calling for the UK to begin the withdrawal process forthwith.

Jean-Claude Juncker reiterated that there could be no talks whatsoever until Article 50 was invoked, and ordered EU commissioners, officials and employees not to discuss any issues with the British that appertain to a subsequent deal before the UK's declaration to leave would be formally affirmed. This startlingly public gesture of contempt exemplified the ugly post-Brexit mood at the EU.

The hostility of many parliamentarians, toward the British, startled commentators, although RTE's Tony Connolly apologetically suggested it was a mere venting against former UKIP leader Nigel Farage. The provocative but entertaining MEP was singled out, for a rather extraordinary barrage of personal

insults. Some claimed Farage, and the broader Brexit camp, are liars. The campaign message cited: £350 million a week going to the EU could be spent improving the National Health Service. However, it is difficult to convincingly argue that this claim was somehow akin to an electoral promise for government. The claim was that such a sum could be spent on the NHS, since the money would be controlled by the British government, rather than being directed toward the EU budgetary mechanism.

The Brexit campaign was also lambasted as racist, with some comparing Farage's campaign with NAZI propaganda, due to a poster of an image of a large line of migrants walking through Eastern Europe, with the probable purpose of reaching Germany, presented in the campaign's final week. The words "Breaking point? – The EU is failing us all" were attached. The image was taken as anti-refugee but could also allude to the prevalent belief that the migrant crisis will lead to the eventual break-up of the EU, with Western and Eastern nations moving in opposing directions. This attack on Farage was rather ironic because, only days earlier, the [appear to have taken](#) no corrective action.

Juncker's bitterness would not diminish to a significant extent when speaking next at that forum, on July 5th. He attacked the Leave camp, for all supposedly resigning. He claimed that Johnson, Farage, and others, were not real "patriots" – rather they are what he termed "retro-nationalists." He would also continue to query why there was no plan to exit the EU. Juncker's criticism is hypocritical, because the EU heads do not appear to possess any substantive contingency plan either. In truth, few within the EU, or the British establishment (including some "Brexiters"), expected the Brexit vote to win out.

EU President Donald Tusk [labelling him](#) a "liar." Johnson also had to contend with a broader reception from Europe, which was remarkably abusive: he was deemed to be a "coward" and a "clown." It is difficult to recall a time when such diplomatic language has been so widely used to greet a senior political appointee, especially one who is expected to be engaging in sensitive talks with some of the very people who have personally attacked him.

After May indicated that Article 50 would be invoked next year, Hollande publicly stated that he would [force Ireland into the bailout](#).

The IMF actually tried to impose easier targets on Ireland than the EU, even

though it can still be seen as an example of the nastier side of capitalism. Ireland's friends in Europe not only imposed massive sovereign debt, but charged circa 6.5% interest, while the IMF charged substantively less. The EU rate would be reduced by circa 2% in 2011, after intense pressure, but Ireland has since been able to borrow far more cheaply from the markets to promptly pay down these loans. In a rather rich irony, at the time of Ireland's bailout, the EU was developing a banking resolution mechanism, which would facilitate "bail-in" provisions, where member-states could impose cuts on the bond holders of banks in crisis. The EU has pressured Portugal and Spain to utilise this mechanism rather than impose debts on taxpayers.

Latterly, ECB head Jean-Claude Trichet [this strategy](#) was prevented by the ECB.

The Irish State was also [more patient](#) with respect to Brexit talks, and that a temperate non-confrontational tone is more important than mere timetabling. However, Juncker would then [integrationist agenda](#) established with the passing of the contentious Maastricht Treaty of 1992. However, it is also a fundamentally unfair necessity, because migration will follow wealth, and will affect nations that apply open [continued to deteriorate](#) since the 1970s.

To compare the most recent regional parliamentary elections (eirael.blogspot.com and *lives in Ireland*).

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