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The Collapse

by Tom Tugendhat

In the two years since the UK voted to leave the EU, I have spent a long time speaking with European partners.

From my conversations, one thing stands out – the shock caused by the vote, and the disappointment that has followed it, have distracted people from thinking about the fundamental implications of Britain's departure for European politics, and the opportunity – in fact, the imperative – it creates for reform.

I see this particularly when I talk to German friends. Their reactions vary from indifference to antagonism, often tinged with grief when they describe the UK's departure and see it as a threat to EU unity.

I understand their position, but few of them seem to have appreciated an important point. While the European Union is first and foremost a political project designed to create unity, there are some hard facts, which we cannot ignore, that threaten the stability of the EU. Brexit will remove the country that sent the third largest contingent in the European Parliament after France and Germany, was the second or third largest contributor to the EU's budget, and a vocal supporter of free markets, sound finance and the rule of law.

The UK's departure will upset the balance of the EU's budget and voting system, with consequences that are unpredictable.

Let's start with the budget. The UK's net budget contribution is about €11 billion – which is equivalent to what 12 out of the budget's 17 net recipients take home. Although the final shape of the UK-EU withdrawal agreement, and of the first post-Brexit EU budget, have both still to become clear, unless there is a sudden change of heart among the remaining net contributors, the loss of part or all of the UK's contribution is bound to move the dial: some of today's beneficiaries will become contributors in future. They will undoubtedly want a greater say in how their money is spent. And that in turn will reopen questions many thought settled in Maastricht and Lisbon.

Brexit also affects the voting system in the European Council. Over time the EU's voting system has evolved, in a way that is deliberately designed to erode any member states' power of veto. The latest version, which was devised when the focus was on profligacy and integration and not Brexit, requires 55 per cent of EU member states, representing 65 per cent of the total population, to produce a qualified majority. Conversely, a coalition of at least 4 member states, representing 35 per cent of the EU's population, is required to block any proposal. This formula acknowledged that Germany, France and the UK are the most powerful states in the EU but gave the smaller states bargaining power by assuming that the three biggest players are rarely in unanimous agreement.

This was a carefully constructed, and finely balanced, system, designed to produce stability. But take the UK out and the pivot point moves. One fewer state is needed to produce a majority, but the population they must represent falls by about 40 million. Four states are still needed to block legislation, but the population they have to represent falls by 20 million.

The exact consequences of these changes are hard to predict. What seems most likely is

that, as the next most populous states, Italy and Spain will step into the UK's shoes as major EU power brokers, assembling coalitions of smaller states to advance their own interests, perhaps in concert with France. The new government in Italy may last no longer than its predecessors, but the turn that Italian politics has taken looks significant. A growing role for Italy in EU decision-making may affect the stability of the organisation as a whole.

In short, Brexit isn't just about Britain. The EU 27 is not the EU 28 minus 1. Britain's departure rewrites the power dynamics of Europe creating a whole new organisation with a centre of gravity that has shifted south. It is easy to see how that might change both how the EU makes rules, and how they are applied. It is hard to see how that won't deepen the tensions on financial questions, Russia, migration, and the rule of law, that are already so obvious today.

This is a major threat to the future stability of the EU. But the Commission shows no sign of recognising that its role is to support the interests of the citizen and the businesses and structures they create, not simply to defend its own position.

Seen from London, it seems like the Commission's priority in the Brexit negotiations is to punish the UK for leaving, when it might acknowledge that Brexit is a symptom of much deeper problems, and an opportunity to reform the organisation. Doubling down in the defence of a set of rules that some states no longer see any danger in flouting, and which no longer work for the citizens they're supposed to serve, is not the answer.

Before I entered politics, I was a soldier. In the Army, we were told you should never give an order that you know will be disobeyed. It only shows you to be weak. The Commission is in danger of undermining itself because when people no longer respect the rules, they will bend or break them. When the rules no longer matter, the Commission has no role.

If the project you started is to survive, you have to rewrite those rules, or look for a new structure to organise Europe.

So far, only France's President Macron seems to have realised that this can be a moment to rethink and renew. He has set out a bold vision and, though I don't agree with his conclusions, (and nor it seems, does Chancellor Merkel, reading between the lines of her recent interview on this subject) Macron's belief that substantial reform is now urgent is becoming increasingly hard to deny. No amount of greater centralisation could suit German, French and British interests and it seems unlikely that it would meet the wishes of those countries already resisting EU rules.

The Commission, like Britain, is at a crossroads. One path leads to the flexibility people have been calling for across the continent, the other to a stasis that puts the rules ahead of the people, hastening its collapse. For the sake of all of us who want to see a stable European order, it's important the EU and its member states make the right choice.