

## **Will the post Brexit EU be different?**

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**Royal Irish Academy 10 January 2018**

There are many forces challenging and shaping the EU today. Brexit is only one of them. While the departure of a big Member State is a significant rupture it is likely to have a time limited impact on the EU. In answering the question of “will be post Brexit EU be different?” I want to look at the evolution of the EU over the past thirty years, to provide a context for looking at the future. I will explain how major events such as the 2004 enlargement of the EU, the 2005 rejection of the Constitutional Treaty and the 2008 financial crisis are likely to have more profound effects on how the EU develops in the coming years.

I like to talk about the forces changing and shaping the EU because I see it as a living organism. It is the product of each generation, a collective response to the way the world is changing and our efforts to master, or at least influence those changes. It is a process of permanent compromise, which can sometimes be slow and awkward, but it is by far the best model for sharing our continent that Europe has so far devised. Membership is a journey: sometimes the views are fantastic, some bits of the journey are boring and you have to factor in detours and the occasional road blocks along the way. Challenges come up all the time – such as how to deal with migration, how to spread the benefits of membership more evenly across society and how to deal with populists peddling simplistic solutions for problems that are inherently complex. And all of this in an open democratic society, involving a population of over 500 million people in 28 different countries with their own traditions and preferences.

As so often, Jean Monnet said it best:

*“Have I said clearly enough that the Community we created is not an end in itself? It is a process of change, continuing in that same process which in an earlier period produced our national forms of life. The sovereign nations of the past can no longer solve the problems of the present: they cannot ensure their own progress or control their own future. And the Community itself is only a stage on the way of the organised world of tomorrow.”(Monnet, 1976)*

### **The European journey**

Of course both this process of constant change and the sense of being on a journey to a destination that is not fully defined in advance are some of the many things that frustrated British politicians and commentators. They joined the “Common Market” and they worked hard to build the EU’s Single Market – but that is all most of them wanted from the EU. To varying degrees the other Member States accept that the EU is a more fluid grouping. The EU does not do today everything it did yesterday and it will do things tomorrow that are not necessary and perhaps not wanted today. The EU will only survive if it adapts as circumstances change – something it has been well able to do so far. At the risk of over-quoting Monnet I find the following very apposite:

*“Some people refuse to undertake anything if they have no guarantee that things will work out as they planned. Such people condemn themselves to immobility. Today, no one can say what form Europe will assume tomorrow, for the changes born of change are unpredictable” (Monnet, 1976).*

My views in this lecture come from my thirty six years of working in the European Commission and most recently from my ten years as its Secretary General. In that role, I was privileged to sit in on the discussions of the EU’s Heads of State or Government when they were alone, wrestling with questions such as the survival of the Euro. Even if it took them all night and even if some knew they would lose the next election because of what they were deciding, in the end they all agreed because they wanted the EU to succeed and to continue. They understood it as a political project and the best, and perhaps only, chance of success for their country in the early twenty-first century.

#### *The journey from the fall of the Berlin Wall to the Brexit referendum*

Of course, the history of the EU shows that it usually moves forward in response to crisis – it was born out of the question of how to rebuild Europe after the Second World War and since then most of the defining developments have come in response to crisis. Here too Jean Monnet foresaw how things would develop when he said:

*“People only accept change when they are faced with necessity, and only recognize necessity when a crisis is upon them.”(Monnet, 1976)*

So let’s go back to the early 1990s/ 2000s and see what were the forces and crises shaping the EU at that time. My recollection is that the EU was feeling pretty good about itself back then. We had all survived the Y2K bug and the global economy was expanding. Terms like “globalisation” and “hedge funds” were becoming part of our vocabulary. In 1989 the Berlin Wall had come down, and the process of righting the wrongs of history and of making Europe whole again was well underway. In 2004 the EU had its biggest ever single enlargement, with eight central and eastern European countries choosing freely to join the EU along with Cyprus and Malta. In 1999 the EU agreed to move towards economic and monetary union and on 1 January 2002 the biggest cash changeover in history took place in 12 EU countries, replacing our national currencies with the Euro banknotes and coins we know today.

These were exciting times, but as so often happens, this was also a time of hubris – of excessive pride and arrogant self-confidence. There was a feeling that we had discovered a new model of growth, one that was not subject to the ups and downs of the old fashioned past. But as always

happens, hubris leads to nemesis and downfall and, as we now know, we were not after all immune to the consequences of making bad choices and wrong decisions.

*Road works on the journey: the 2004 enlargement of the EU*

Two big political developments of the 1990s and early 2000s – enlargement and the failed Constitution – fundamentally changed the future shape and direction of the EU.

For me enlargement to the East has been a huge success – in political, economic and human terms – and I regret the fact that this success has not been celebrated as it should have been.

When Ireland joined the EEC in 1973 the EU was far less integrated than it was in 2004 and the process of adaptation was much slower. Lots of derogations were given to weaker Member States to help them gradually incorporate EU rules into their national systems. When Spain and Portugal joined in 1985, there were transitional periods before they could fully participate in the then newly emerging Internal Market. By the time the countries of central and eastern Europe applied to join, the EU had become a sophisticated, highly integrated economy and a huge effort was needed to align their legislative and regulatory systems with those of the EU.

Having worked on enlargement in the 1990s, I saw at first-hand the extraordinary changes those countries made in record time to get ready for membership. I think most people in western Europe underestimate the extent of the changes made – parliaments working flat out to adopt whole new areas of legislation; the work of recruiting and building up civil service capacity to implement EU rules; the difficult task of overhauling the legal and court systems to enshrine principles of individual rights, equality, free speech and press freedom. This was a fantastic achievement by the candidate countries – but also of the Member States and the institutions in Brussels. For the first time a serious pre-accession budget was provided through the Phare programme and Member States lent their experts to the candidate countries to help them master the intricacies of EU veterinary and food safety rules, of customs procedures, of mutual recognition of standards and so on. It was a collective success, a model of what the EU can do when it has the political will to achieve an important goal.

Given the current difficulties between the EU, Hungary and Poland you might be surprised to hear me say enlargement has been such a success. I am deeply troubled by the apparent disagreement over basic EU principles such as the rule of law, the independence of the judiciary and the freedom of the press. Why did this happen? In my view, after 15 years of incredible preparation for enlargement, the political systems of the candidate countries were exhausted. They wanted a pause before having to make more and more changes. But history decided otherwise and shortly after

joining they were plunged into a financial and economic crisis that required more sweeping changes to the EU model. Most of the newcomers were not in the Euro but were nonetheless swept along by what was happening.

In my view what is currently happening in Hungary and Poland, a return to more authoritarian government, is partly a response to two decades of major change flowing from “Brussels” and a determination once they had joined to play their part as full members, influencing the way the EU developed and not just acquiescing in the views of the EU-15. The older Member States felt the newcomers had joined a clear set of values and ways of working and should fit in. Both points of view have some validity and it will take time and cooperation to build a new way forward that is truly representative of the new, enlarged Union.

The other part of the problem comes from a lack of shared vision on how to manage one of the biggest challenges on the EU’s agenda – the migration crisis. I will return to this later. However, I put my faith in the populations of eastern Europe to find a way through the current political blockages. They joined the EU for many reasons - to gain economic prosperity, to feel safer in a western club when they look east – but most of all to live in a decent society where individual rights are respected and where the state is not something to be feared. We are still seeing the working through of the fall of communism. Economic and regulatory changes come faster than changing political culture – but I am confident that it will come and that the populations of Poland, Hungary and Romania do share the same basic values as their western counterparts and as enshrined in the EU Treaties.

Of course enlarging to ten countries and going from 15 to 25 Member States overnight (and subsequently to 28) changed the EU. The new Member States did not slow down the political or legislative process. The voting record shows most of the problems came from EU15 and often from the founding Member States. There is a tendency to look back with rose tinted glasses at the supposedly cosy world of 15 as a golden era when everyone knew everyone and all were agreed on the direction of travel. That version of history was probably not true even of the original six.

Obviously, having 28 Member States and 24 languages requires different logistics. There is always an election somewhere in the EU and a new Prime Minister or President to welcome to almost every session of the European Council. Big meeting rooms are needed and that need has led to a concentration of meetings in Brussels instead of the previous travelling schedule that used to accompany each Presidency. But these are manageable problems and well worth the effort when you see the benefits for the whole of the EU that come from well prepared enlargement.

One crucial change that flowed from the fall of the Berlin Wall was the re-unification of Germany. Apart from its importance for Germany, it made Germany the biggest Member State and thus broke the previous presumption of political equality, in terms of population size and economic power, between France and Germany. Both countries have struggled since to adjust – France to maintain co-leadership with Germany and Germany to avoid being seen to dominate the EU because of its size.

*Road blocks on the journey: the failed Constitutional Treaty*

This brings me to the failed project of a new Constitution for the European Union. You will recall that the 1990s were a period that brought us several changes to the EU Treaties - the Maastricht Treaty in 1992 brought together the existing Communities – the EEC (European Economic Community), Euratom (European Atomic Energy Community) and the ECSC (European Coal and Steel Community) – and the common policies under one roof and gave us the term European Union that we use today. The Treaty of Amsterdam in 1997 was designed to supplement the Maastricht instruments and improve the institutional efficiency of the EU. The Treaty of Nice, signed in 2001, aimed to enable the Union to prepare itself for enlargement and to decide what to do about the Charter of Fundamental Rights, which came from an intergovernmental convention of 1999.

Since the Convention approach (composed of key stakeholders such as the Member State governments, the EU Institutions and national parliaments) was seen to have worked well, a new Convention was asked to draft a new Treaty. At the time comparisons were made with the Philadelphia Convention that led to the formation of the United States of America. In hindsight this can be seen as hubris. In June 2003 the Convention presented a draft Treaty establishing a Constitution for Europe, incorporating the Charter of Fundamental Rights. In June 2004, the Heads of State or Government adopted an amended version which was subsequently ratified by several Member States - before being rejected in France and the Netherlands in referenda.

Why did it fail? There has been a lot of academic research into the reasons but I will choose to highlight just a few. There was clearly a split between those who wanted “more” and those who wanted “less” Europe. Clearly the so called “elites” misjudged the public mood in thinking that there was a desire for increased European cooperation and that if it was coupled with improved democratic procedures, people would see this as a positive step forward. At the time there was no particular crisis providing a compelling reason for changing the Treaties. This meant that the exercise came across as an elite project with more than a whiff of federalism - one that did not have popular appeal. It is a perennial problem of the pro EU “elites” that the public does not share their enthusiasm for institutional tinkering and procedural change. The failure was also due to the usual

problem of referenda – that people tend not answer the question asked and use it to express dissatisfaction about other issues.

Whatever the reasons for the failure, today I am most interested in the effect that the failure of the Constitution had on subsequent EU development. Most of all it carried the lesson that you need to bring people with you and to explain why change is needed – if it is needed. The rejection of the Constitutional Treaty in two founding Member States may not have definitively killed off the federalist tendencies that are espoused by the most ardent of pro-EU campaigners but it certainly has scared off a generation of politicians from playing with Treaty change, unless absolutely necessary. I will return to this when discussing the Fiscal Compact Treaty.

The second effect of the failed Constitutional Treaty was that it weakened the EU's institutions. They were seen to have over reached themselves and were accused of trying to foist a United States of Europe on an unwilling public. Insidiously, the debacle was used to strengthen the perception that the EU is undemocratic. I say "perception" because I do not actually believe that the EU is undemocratic. I think it is misunderstood and deliberately blamed for many things for which it is not responsible.

Part of the misunderstanding comes from the portrayal of the European Commission as "the government of Europe". It is not. The Commission cannot take many decisions on its own, except in competition policy. It can only make proposals, to the European Parliament, whose members are democratically elected by the population of each Member State to represent them and to the Council, whose members are democratically elected by the population of each Member State to represent them at home in government and abroad in multilateral institutions. What the Commission does have, is the power of ideas and a highly capable civil service that works hard to find genuinely EU wide solutions to the problems that the Member States are unable to solve on their own. Many governments are afraid of the strength of Commission proposals and try to prevent proposals from being tabled by the Commission because they know they will appeal to sections of their own populations. Of course the Commission gets it wrong sometimes, going too much into detail or failing to be bold where radical solutions are needed even if they are not politically popular.

The EU moved on from the failed Constitution, even if we are still experiencing some its more damaging political effects. The Treaty of Lisbon enacted the institutional changes that were needed to ensure an enlarged EU would function – making majority voting the rule for legislation, making the European Parliament and the Council co-legislators, creating the role of a High Representative for External Affairs who is at the same time a Vice President of the Commission. It also made the European Council an institution in its own right, with a newly appointed President.

### *Threat of derailment: the financial and economic crisis of 2008*

The 2008 financial crisis had a huge impact on where the EU is likely to go next. Having come through it, we can sometimes forget just how dramatic it was. I remember waking up every morning wondering if the Euro would survive and what would happen if it did not. Seeing Heads of State or Government meet almost every month, in tense all night meetings, knowing that they needed to reach decisions before the markets opened but not knowing what would work. Gradually it became a challenge of “who blinks first”? The Member States knew they had to outstare the markets and show that they had the deeper pockets. But this was a scary business with huge consequences if they got it wrong.

What became clear during this prolonged crisis was that the EU had become so integrated that no individual Member State could insulate itself from the problems of another. It also became clear that promises and expressions of good will were no longer enough. From now on cosy compromises, turning a blind eye or wishful thinking would not suffice to make a single currency work and survive. The Commission had warned that Greece did not meet the Euro criteria and asked for powers to independently inspect national statistical offices because of its concern about Greek statistics– but its request had been refused, because Member States preferred to keep the Commission out of their affairs. Needless to say the Commission quickly got the powers once the crisis happened, but too late.

Things can change fast in a time of crisis. In 2003 both France and Germany broke the rules of the Stability Pact (the EU’s rules for maintaining the stability of its economic and monetary union) – but they rightly calculated they would get leniency from the other Member States when the Commission tried to hold them to account. Fast forward five years to 2008 and the Commission was suddenly seen as the only independent arbiter which could be trusted to oversee national economic and fiscal policies objectively and was being given far more powers than it would ever have dared to request. Smaller Member States “rediscovered” the Commission was their friend, the only body capable of standing up to France and Germany and making their case for assistance. In the pre-crisis years, many smaller Member States had followed the more inter-governmental attitudes of the largest, tending to scorn the role of the Commission. However, once the crisis struck, they quickly discovered the wisdom of the founding fathers in creating an independent Commission that sought to be representative of the whole of the EU and not just the instrument of the most powerful.

The economic crisis of 2008 changed the EU. I believe it changed it permanently. The Euro area became the core and led to a much closer way of working which will shape the future for years to come. You will recall that the UK was concerned that the Euro Member States would “caucus” and

seek to impose the will of the majority on those who were not in the Euro. This was never the intention but inevitably, when Prime Ministers and Finance Ministers are meeting more frequently and taking big decisions together, that process engenders a mood of togetherness and co-operation that makes those who are not in the group, feel excluded. Understanding this, the three Baltic Member States worked hard to qualify for Euro zone membership because they wanted to be in the inner core of the EU – for wider security reasons as much as for economic reasons.

Throughout the Euro crisis the UK was supportive of efforts to strengthen and protect the currency, while always making clear they had no intention of joining it. They knew a strong EU economy was good for Britain. However the political and legal changes that were necessary to support the Euro became increasingly difficult in terms of domestic UK politics. I vividly recall the meeting of the European Council in December 2011 when David Cameron told his colleagues that he could not go along with a new EU Treaty and they told him they were going ahead with or without him. This is how we got the Fiscal Compact Treaty which had to be enacted through an internationally binding Treaty because the EU Treaties can only be changed by unanimity. What I remember most of that night was the shock feeling that we had reached some kind of turning point and that sometimes no reasonable accommodation was possible. Ivan Rogers, the UK's Permanent Representative to the EU, who resigned very publicly in January 2017, recently gave a very insightful lecture in which he says that particular European Council

*"...was very nearly the moment of terminal rupture between the UK and the EU, and its role as a harbinger of what lay ahead and a catalyst for decisions on both sides which led inexorably to Brexit has, in my view, been hugely underestimated".(Rogers, 2017)*

He goes on to explain that Cameron felt the need

*"to make even clearer that there were not 2 speeds of membership, involving all going to the same destination, some by the express and some trundling by the slow train. There had to be clear recognition that there were viable, different, permanent destinations within the EU. And that not all were inexorably heading to a Banking union, a Fiscal union and a Political union." (Rogers, 2017)*

For me, this epitomises the change wrought by the financial crisis. The Euro was always a political as well as an economic project. Ensuring its survival became the core of the EU's political project and while some different ways of getting there could be accommodated basically all Member States had to accept they were bound for a Banking union, a Fiscal union and a Political union – sooner or later. The EU was moving beyond the common market and single market and the UK's Tory leaders felt they could not journey with the others.



So these were the factors leading up to June 2016 that in my view will make the post Brexit EU a different place: enlargement, a failed attempt to give the EU a Constitution, an existential crisis of the fledgling Euro and the dawning recognition that the EU could not permanently accommodate a member that was not fully signed up to the direction of travel.

### **Next stages of the journey: where do we go from here?**

So how will the EU be different in the future? I will focus on only a few key areas where I foresee the main challenges and threats. I will briefly cover a likely shift to a more continental approach to the future and the possible emergence of a more clearly defined and agreed agenda for the EU. I will then speak about a probable major focus on economic and monetary union (EMU), before examining the need for a stronger social dimension, the need to solve the migration crisis and to tackle populism and anti EU nationalism. Then I will look at the possible impact on Ireland of these likely developments.

#### *A shift to a more continental approach to the future*

The UK has had a remarkable impact on the development of the EU agenda over the last forty years. In keeping with its traditionally global outlook, emphasis on free trade and open markets, it has steered the EU away from some of its inherent protectionist tendencies and helped it prosper, riding the wave of globalisation. It has fought the tendency of “Brussels” to interfere in domestic matters and has been the champion of better regulation. Of course for London, better regulation also meant less regulation. More negatively in my view, the UK has long opposed attempts to build a strong social dimension – just recall the dance of different UK governments in and out of the social protocol. Overall, I feel the UK has brought serious expertise and rigour of analysis to countless EU initiatives. While their objections to and questioning of many proposals was at times frustrating, it often led to better overall outcomes as questions of implementation and costs were thrashed out prior to agreement.

However, the EU started as a Franco German project and it has been decisively influenced by their sense of Europe’s future destiny. The UK had a real impact on the agenda of the EU but did not sway it from its fundamental purpose. The Franco German motor will continue to shape most significant developments in the EU, not only because of their size but because of their history. They have an emotional and political commitment to making it work.

While all Member States are equal, in many senses it is obvious that the bigger Member States inevitably carry most weight – and that it takes a big coalition of smaller Member States to muster an equivalent impact. For me the departure of the UK means that France and Germany will be more

than ever in the driving seat when it comes to determining the future direction and speed of integration. Both agree on the need for EMU – but not on the detail nor on the pace of progress. It is interesting to see the efforts President Macron is making to bring the French deficit into line with EU requirements – for domestic reasons but also to prove to Germany that France can be a reliable, serious partner in Euro reform. Germany is very hesitant about ideas for deeper reform, knowing that it is needed but fearful of being left to pay the bill and doubting whether some of its partners have really had a lasting conversion to the virtues of fiscal rectitude. In my view, this does not alter the direction of future policy. It will just mean that it will take time and compromise and will give us some political drama from time to time. The big political direction is set, both by political choice and by the necessity of underpinning the Euro. The Euro has survived a tough test but still needs to be more deeply anchored to make it the strong and stable currency that the EU needs.

I do have some concerns about the possible consequences of a stronger Franco German stamp on the future EU agenda. For example, although there are differences between them, both countries have protectionist tendencies from time to time. I fear that it will be just a little harder in future to keep the EU open to the rest of the world. The EU has prospered thanks to open, rules based international trade. Smaller Member States in particular depend on this model. We will need to continue to champion a multilateral, rules based approach to trade in the future. Given the changes in US policy, perhaps there is both a need and an opportunity for the post Brexit EU to play a stronger role in shaping international trade rules in the future. Already other countries are looking to the EU to take such a lead, given the EU's commitment to multilateralism and playing by agreed and enforceable rules. The EU too is keen to conclude trade agreements with several international partners.

*A shift to a more clearly defined and agreed agenda for the EU*

Meeting in Bratislava in September 2016 in the aftermath of the UK Brexit vote, the Member States declared

*“We need to improve the communication with each other – among Member States, with EU institutions, but most importantly with our citizens. We should inject more clarity into our decisions. Use clear and honest language. Focus on citizens’ expectations, with strong courage to challenge simplistic solutions of extreme or populist political forces”. Council of the EU, 2017)*

They subsequently adopted a roadmap designed “to offer to our citizens in the upcoming months a vision of an attractive EU they can trust and support” (Council of the EU, 2017). Meeting in Rome on the 60<sup>th</sup> anniversary of the signature of the Treaty of Rome, the founding Treaty of the EU, the 27 Member States (already without the UK when setting out their future intentions) declared:

*“Sixty years ago, recovering from the tragedy of two world wars, we decided to bond together and rebuild our continent from its ashes. We have built a unique Union with common institutions and strong values, a community of peace, freedom, democracy, human rights and the rule of law, a major economic power with unparalleled levels of social protection and welfare”.* (Council of the EU, 2017)

These are political manifestos for the future of the post Brexit EU as well as a statements of accomplishment. How can a complex union with 27 governments and millions of people and organisations with very different ideas agree on “an attractive vision”? What appeals to one group of Europeans is often anathema to others. When they come together to try to find common ground they usually find the lowest common denominator. It would help if we could adjust our expectations to what the EU is actually able to deliver and not judge its efforts in the same way as we assess national political parties or popularity contests. By this I mean we should see the EU as adding to how we choose to run things in our own countries. The EU should be “big on big things and small on small things” to quote my former boss President Barroso. We should accept that the EU will always be built on compromise and that it will never resemble a bigger version of our national view. If it did, we would probably see the bigger Member States insisting on their models and that would not be representative of the interests of the EU as a whole.

So we need to rehabilitate compromise, to see it as a positive way of working and not as a sign of weakness. After all, most EU governments are coalition governments and compromise is their daily business. We also need to accept that the EU will deliver its “attractive vision” through a series of technical rules. The Internal Market is hailed today as visionary – and it was, but it did not happen in one single fell swoop: it came about through over 300 pieces of technical legislation. As they famously said in the West Wing “we campaign in poetry and govern in prose”.

To move towards a more clearly defined and hopefully “attractive” agenda the EU needs to go further in working out what proposals it decides to champion – and what proposals it decides not to pursue. I believe that the Commission makes better proposals today because it places more emphasis on evidence based, widely consulted, impact assessed proposals. This is the “better regulation” agenda that I worked to embed in the Commission during my time as Secretary General. And now most Commission proposals go through the legislative process in first reading.

The relentless pressure of the UK for better regulation was partly driven by a political desire to stem the flow of legislative proposals from the Commission but it also had the effect of ensuring the Commission had strong arguments to support any proposal that it made.

This is important because the EU has been slowly feeling its way towards a clearer policy agenda. The rise of populism and anti EU nationalism and the rejection of the Constitution led to the feeling among national politicians, shared by large sections of the public, that their room for manoeuvre at home was being squeezed by what was happening in Brussels. Reacting to this mood led both Presidents Barroso and Juncker to adopt sharper, priority based work programmes for their terms in office. President Barroso set out a manifesto for his second term and this was voted on by the European Parliament in appointing him. Having campaigned across the EU, meeting people as the EU's first *Spitzenkandidat*, President Juncker was shocked by the degree to which people felt the EU was interfering in little things while not dealing with the big issues on their agendas. He set out ten big priorities for his Commission (such as jobs, growth and investment, the digital single market, energy and climate change, democratic change etc) and is sticking to them. These were debated and agreed between the Commission and the European Parliament. This caused concern among the Member States that felt that the Commission was paying too much attention to the Parliament so the Council decided to have its own priority list - so as to put the Member States stamp on the emerging agenda, albeit with many nuances.

My feeling is that all of this activity can gradually be channelled into a real policy agenda for the EU. This should not pre-empt any institutional prerogative but rather be a way of explaining better to citizens what the EU plans to do in the coming years and then delivering it. This would have consequences – the Parliament and Council would have to agree to prioritise certain proposals. They already do this to some extent: in the months leading up to European elections, when it is clear that the co-legislators will not be able to adopt all of the proposals on the table the Parliament and Council agree on a shorter list of the proposals which they prioritise for adoption. They could build on this experience at the start of each new Parliament by agreeing on the key proposals they would work together to adopt. Of course, a new streamlined policy driven agenda, would mean choosing priorities from the outset and then resisting appeals to add to the list, except in cases of real emergency.

This will be a gradual process but I feel it will come. It would help to make the EU more “readable” to its citizens and to give greater focus to its work. It would be a form of “programme for government” at EU level with up front, political buy in for key initiatives. The detail would still have to be negotiated and there would always have to be room for dealing with unforeseen emergencies but such a programme would create more certainty about what was likely to come out of Brussels and it would avoid the kind of surprises that often antagonise political and public opinion.

*A major focus on economic and monetary union (EMU)*

One thing that is already certain for the post Brexit EU is the need for further economic and monetary reform. Outlines of how this might work have already been tabled by the Commission. Briefly, the kind of ideas that are now being discussed include developing a European Monetary Fund to provide assistance to Member States experiencing future economic distress and to act as a lender of last resort to facilitate the orderly resolution of distressed banks. The proposals also include the creation of new budgetary instruments to support structural reform in Member States and those wishing to join the Euro and the creation of an EU Minister for Finance.

These, and other similar ideas, would mean greater discipline in national economic and fiscal policies which would be more tightly co-ordinated by the Eurogroup under the new EU Minister for Finance. They would also provide access for Euro area Member States to broader, deeper pools of finance and new sources of borrowing. This additional discipline will not always sit easily with different groups across the EU but it is the price that will accompany the advantages of a single currency, of greater risk sharing and risk reduction and convergence towards more resilient economic and social structures.

At present there is what I call an “unholy alliance” between Member States that do not wish to “pay more” for EMU and those who do not wish to “do more” (i.e. accept greater discipline) as part of building EMU. I hope it will not take another crisis to move the EU in the EMU direction. It will be easier and cheaper to take these long range decisions now when the economy is relatively benign – but I also keep Monnet’s wise words about necessity and crisis in mind as a reality check.

One of the interesting outcomes of the Lisbon Treaty and of the advent of a President of the European Council is the emergence of a more collaborative way of working between the Presidents of the Institutions on big future issues. This is best exemplified by the joint work of the Presidents of the Commission and the European Council on EMU. They have tabled a series of reports setting out the steps to be taken and ideas of how to proceed. Over time they have widened the circle to involve the Presidents of the ECB, the Eurogroup and the European Parliament. From a strict Commission point of view this worries me because it could be seen as an intrusion into the Commission’s right of initiative; but from a realpolitik point of view it is a powerful way of working. Putting together the technical expertise of the Commission with the European Council’s political knowledge of the thinking of the Member States and their likely margins of manoeuvre should make for a very convincing set of arguments when the outcome is presented to Member States.

### *A stronger social dimension*

One of the lessons from the failed Constitution and from the rise of populist, anti EU forces is that economic success is not enough to make the EU work. There needs to be a clear commitment to improving welfare and to sharing the benefits more widely.

In the Rome Declaration the 27 Member States pledged to work towards:

*“a Union which, based on sustainable growth, promotes economic and social progress as well as cohesion and convergence, while upholding the integrity of the internal market, a Union taking into account the diversity of national systems and the key role of social partners, a Union which promotes equality between women and men as well as rights and equal opportunities for all; a Union which fights unemployment, discrimination, social exclusion and poverty; a Union where young people receive the best education and training and can study and find jobs across the continent; a Union which preserves our cultural heritage and promotes cultural diversity”* (Council of the EU, 2017)

This carefully crafted declaration sets lofty ambitions for the EU – how are these goals to be achieved? Treaty powers in the social area are weaker than the economic provisions. There is much less agreement between Member States on what the EU should do in the area of social policy. As I have said, the UK’s opposition to any EU involvement in social policy made it a political minefield in the past. Social policy is clearly an area where there must be wide room for different national approaches and national traditions and practices must be respected; but there is a need for the EU to show it cares about its least well off and most vulnerable citizens. Rising inequality is creating political situations that will make it more difficult for the EU to reach its objectives.

The recent meeting of EU leaders in Gothenburg (in November 2017) pledged to “put people first” and marks a tentative recognition of the necessity for the EU to be more visible in its social action. However, to square the circle, EU leaders will need to find a way to give real meaning to the EU’s social dimension in the future.

### *Pressure to solve the migration crisis*

Perhaps the most difficult item to be resolved in the future is the migration issue. A few years ago the EU did not cover justice and home affairs (JHA) at all. These were seen as inherently national issues, at the heart of national sovereignty. Then Member States began meeting, without the Commission, realising that they had common problems and that common solutions could be helpful. Subsequently, the Commission was allowed to be present at the meetings – but not allowed to speak. A little later it was felt that the Commission might have something useful to contribute and

so it was finally allowed to speak. I spell out the different stages in order to show that working together on JHA issues is a slow process – trust must be built, proof that working together delivers results must be given before the next stage can be reached.

The current migration crisis caught the EU unprepared. There was no robust system in place for responding to wave upon wave of refugees and economic migrants finding their way to the EU. There are many reasons for the crisis. The EU is a zone of peace, prosperity, respect for individual rights and freedoms and is thus a magnet, not only for those fleeing death and persecution, but also for those seeking a better life. The EU cannot take in everyone who wants to come and it needs to have strong external borders to enable it to decide who is allowed to enter legally and to stay. It equally needs effective mechanisms for deporting those who are not permitted to enter or stay. Quite apart from the moral and humanitarian issues, we need an agreed migration approach for economic reasons. Our populations are ageing, birth rates are falling and we will need to allow inward migration to keep up our living standards and level of economic development.

This is a difficult area because Member States are at different levels of development and have different needs. However, it is a test of our values and capacity for solidarity – two of the EU's core principles. Given the EU's own history we must find a good solution. As my esteemed, late boss Peter Sutherland said "history will judge us harshly when this is over". There is no quick solution here, as any lasting solution will require greater joint work on issues such as border control and visa policy as well as greater concentration on the sources of the migratory flows, more effective development aid and more overall spending on external and migration issues than in the past. The EU needs to find a way of healing the East/West split that has opened up over migration – and the answer will probably be found in other policies and not only on justice and home affairs issues. There will have to be some straight talking between Member States to hammer out an acceptable solution. However, this is one crisis that will not go away so I believe we will – eventually – face up to it and put a workable system in place.

#### *An on-going need to tackle populism and anti EU nationalism*

Finding a workable solution to the migration crisis will require political leaders to speak more frankly to their citizens: to explain the responsibilities, pressures and the choices; to explain that migration can be controlled; that it can be beneficial and that if we fail to find a common solution each Member State will suffer the consequences without being able to stop the flow. More generally, if the EU is to tackle the ugly populism and jingoistic nationalism that is on the rise in several Member States, leaders need to do a lot more to bring their national and EU discourse together. It is too easy to take credit for decisions taken in Brussels which national politicians think will be popular and to blame Brussels for everything else. The outcome of the UK Brexit referendum shows the corrosive

effect of more than 40 years of negative drip feed in the media. I find it appalling that after each European Council every Prime Minister or President feels it necessary to come out and give a different version of the meeting they have just attended – and where they have spent hours agreeing on the text of what they have decided. Why can they not let their agreed text speak for itself? Why do they feel they have to pretend that their side has always won some advantage over the others when in fact they have spent a lot of time and energy finding compromises? That should be the story – that the EU works because another good compromise has been found between different views.

Of course “Brussels” could and should do more to explain the EU to its citizens but until the Member States decide to tell the positive side of what the EU is doing to their people and to do this openly and often, we will not be able to reach a mature understanding of the EU among voters. And it will be all too easy for those with the slick sound bite to knock the complexity of the EU and to advocate simplistic and often unworkable, solutions.

It is very positive that the Irish government has launched a citizen’s dialogue on the future of the EU and I hope many organisations and individuals will participate by sharing their views. I know that the EU often seems arcane and obsessed with process and institutional arrangements and I do not blame people for being turned off by this. But it is vitally important that a majority of citizens feel supportive of the EU, that they feel well represented and served by it and want their governments to contribute positively to its future development. I find it very telling that throughout their problems, a majority of Greeks repeatedly said they wanted to stay in the Euro and in the EU. Marine Le Pen quietly dropped her pitch to take France out of the Euro when she realised it was not popular and even mitigated her desire to take France out of the EU once she saw it was not the vote winner she hoped it would be. However, when up to a third of voters support extremist parties and when being anti EU is seen as a political plus, everyone needs to heed the message being sent. The majority may not want to leave the EU but they want a different kind of EU.

### **Ireland’s EU journey**

What then are the implications for Ireland? What will the the kind of changes I see coming in the EU mean for us? What do we want the EU to be and how do we want it to develop? In a way we are entering our third phase of EU membership – first we were a small, poor country only allowed to join when the UK was admitted. We prospered thanks to EU funds and policies and we were grateful. In a second phase, we became the Celtic tiger and a lot more Eurosceptic. Now, chastened by experience and worried about the loss of our nearest neighbour around the EU table, we find ourselves needing a new narrative. Not surprisingly, the three stages of Ireland’s journey closely follow the EU’s own journey from enlargement to the road block of the failed Constitution and



through the financial crisis. We know we want to stay in the EU, rightly understanding that it offers the best prospect for a small open economy like ours. But what do we really think about EMU and its implications? What kind of social dimension do we want the EU to have? What are our views on EU migration policy? Are we prepared to pay for EU policies, and perhaps pay more for their future development now that Ireland has become a net contributor to the EU budget?

All in all we have been quite happy to coast along in the EU in recent years, with occasional bursts of activity when there is something we really don't like or when we have to think – and vote twice - on new Treaties. We have found it easy to support UK objections to a lot of proposals that we did not welcome. Now, in the brave new post Brexit world we will have to work very differently. We will need to invest much earlier in thinking about what we want the EU to do (and not to do) and in developing policy positions that we can explain and advocate to other Member States. We will need to spend a lot more time visiting and getting to know and understand our other EU neighbours, building alliances for policies we want and common fronts against those we do not want. We will need to make compromises and sometimes swallow things we don't like for the sake of the wider Union. Ireland has seen a huge amount of solidarity from the other Member States in recent months. It was genuinely and generously given – but they will expect similar behaviour from us in return when their interests are at stake. We will need to boost the level of debate and understanding of the EU – in the in Dáil, the media, in business and social organisations and directly with Irish citizens. I am on the Boards of European Movement Ireland and the Institute for International and European Affairs, both of which are working to provide information and analysis to feed into this debate. I am involved because I feel Ireland is at a crucial moment of choice and I want to share my experience of how the EU really functions as a contribution to our national debate.

For very understandable reasons almost all the focus here in Ireland is currently on Brexit and how to negotiate it. For most of the other 26 Member States the top priority is “the future of the EU” and Brexit comes a long way behind. Ireland will be profoundly affected by both and, in my opinion, should be an active player in shaping both developments.

## **Conclusion**

And so to my conclusion: I posed the question “will the post Brexit EU be different?” and my answer is obviously that it will be. Many of the forces shaping that new EU are already clear and they go well beyond Brexit: enlargement, the misreading of the public mood that led to the rejection of the Constitution, the financial and economic crisis that moved the EU beyond the single market to the focus on EMU, the need to address income and social inequality, the migration crisis as well as populism and anti EU nationalism. The departure of the UK will be a loss – mostly for its citizens but also for the EU as we will miss their expertise and pragmatism in future debates.

Obviously, the wider international environment will have a strong influence over future EU developments. Decisions taken in the US, in China, in Africa and elsewhere will affect the EU and call for a response. The old Macmillan saying of “events, dear boy, events” will continue to affect even the best laid plans. However, the EU is not yet ready to take up the role the rest of the world increasingly expects it to play. It is both hard and expensive to live up to our values and our policy commitments. But as confidence returns to the EU and as it learns lessons from recent events, I expect the wider world role of the EU to develop.

The EU agenda is changing. We have seen many internal EU policies reach a level of maturity and become embedded in the domestic life of each Member State. Once upon a time the famous EU “*acquis communautaire*” (the accumulated body of EU law and obligations) was the exclusive preserve of the Commission. Now every head of department, in every national and regional government knows and implements it (at least most of the time). There is less need for radically new policies in many areas, leaving the EU time to concentrate on the big issues that Member States cannot tackle on their own. That is why a lot of political time and technical expertise will be spent in the coming years on economic and monetary union, underpinning the Euro, making sure that Member State fiscal and economic policy decisions are taken together to guard against one Member State bringing all the others to the brink of collapse.

The EU agenda is changing – and it needs to change. We have to combat the media image of the EU as a relentless machine constantly swallowing up Member State competences for its own greater glory. Over the years we have seen the return of powers to Member States, not least in the area of competition policy. There is room for further power sharing and delegation so that the EU can concentrate on the cross national issues and leave the Member States more room to manage the differences between their policies that do not affect the fundamental functioning of the EU. When Europeans visit the US they are often surprised to find that the different states are far less integrated than the EU. There are different reasons for the development of each grouping but sometimes I think we need a bit more diversity and to accept that we can live with and even like a degree of difference between ourselves and our neighbours.

In all of this Ireland will have to work harder to have its voice heard – and to work out what we want to give voice to. Most other smaller Member States will be taking stock and coming to similar conclusions so there will be plenty of opportunities for new alliances and new ways of working. Ireland benefitted enormously from joining the EU alongside the UK (and Denmark). Anglo Irish relations reached a new level of maturity and respect during the 45 years of shared membership – and these are assets we should strive to maintain after the UK leaves. Despite how much we wish they would stay the UK is likely to leave the EU in March 2019, even if the transition period and

negotiation of a new relationship will make the exit feel much longer and more gradual. Since 1973, we have been able to balance our close economic ties and affinity with the UK with our deepening relationship with the rest of the EU. Now we have to write the next chapter, of how Ireland can thrive in the EU post Brexit, without losing our close relationship with our nearest neighbour. That chapter will be part of the bigger story, of how the EU adapts to future challenges post Brexit, and seeks to deliver on the expectations of its citizens.

One of my proudest moments as Secretary General of the European Commission was attending the ceremony in Oslo in December 2012 when the EU was awarded the Nobel Peace Prize. The prize was awarded because the

*“Nobel Committee wishes to focus on what it sees as the EU's most important result: the successful struggle for peace and reconciliation and for democracy and human rights. The stabilizing part played by the EU has helped to transform most of Europe from a continent of war to a continent of peace.”* (Norwegian Nobel Committee, 2012)

Today's “successful struggle” is – thankfully - not about war and peace but it is about how a group of relatively small European countries united by a strong vision can shape their own destiny through harmonious compromise at the same time as they try to be a force for good in the world. That double effort is needed now more than ever. The post Brexit EU will be different – and my hope is that it will be stronger, more relevant to its citizens and more united in its diversity.

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