

## **First, get their attention**

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July 2016

Brexit will clearly lead to short-term economic turmoil driven by political uncertainty. David Rowe argues, however, that it just might improve the sustainability of the European Union.

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There is an old American joke about a farmer selling a mule. He says to a prospective buyer that the mule is a very good worker and is very cooperative but you have to treat it gently for best results. When the prospective buyer asks for a demonstration, the farmer walks over to the mule, takes a large stick and swats the mule beside the head. "Wait a minute," says the buyer. "I thought you said you have to treat it gently to get the best results." "Of course," says the farmer, "but first you have to get its attention."

In 2005, shortly after voters in both Holland and France rejected the proposed EU Constitution, I wrote a column in Risk magazine entitled *History will not be rushed*.<sup>1</sup> I argued that the European Project had accomplished many great things in building a peaceful and economically prosperous continent out of the ruins of World War II. I warned, however, that the obsessive drive on the part of European political elites to achieve a United States of Europe in decades rather than generations was endangering these past successes. Sadly, rather than restrain the forced march toward "ever closer union", European politicians doubled down during the following decade. Rather than foregoing the provisions of the constitution that had been rejected by the voters in two founding members of the European Project, most of them were packaged into a revised Treaty of Lisbon that could be implemented without the annoying need for a popular vote except in Ireland. Originally the Irish voted No but were effectively told to go back and vote again until they got it right. Needing assistance to deal with their failed banks

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<sup>1</sup> D. Rowe, *History will not be rushed*, Risk magazine, July 2005. Available at <http://www.dmrta.com/publications/Risk%20Magazine/200507%20History%20Will%20Not%20Be%20Rushed.pdf>

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in the aftermath of the 2008 financial crisis, the Irish approved the treaty in the second referendum.

The all too predictable result of this continued forced march toward ever greater union was a major surge in votes for Eurosceptic parties in the 2014 European Parliament Elections. Members of anti-EU parties captured 140 of the 751 seats in the legislature, up from 60 seats in the 2009 election. My July 2014 column was entitled *Europe's leaders are playing with fire*.<sup>2</sup> I pointed out that even though the principle of subsidiarity is enshrined in both the 1993 Maastricht Treaty and the 2009 Treaty of Lisbon, the political instinct for centralized command and control had proven too strong to resist. Everything from national signage, building codes and the shape of bananas has been the subject of EU regulations. All of this has continued to stoke anti-EU resentment and the rise of nationalist parties throughout much of the continent.

Much venom has been generated by both sides of the debate on Brexit and the poisonous rhetoric has only grown in the aftermath of the vote. There is little doubt that Brexit will do short-term economic damage to both the UK and the rest of the EU. The longer-term economic implications are open to more debate but focusing exclusively on economics misses the more fundamental point. A nation state based on popular sovereignty must have a minimum level of solidarity among its citizens to function effectively. Such solidarity is rooted in significant commonality in three areas, language, history and culture. Trying to build a nation state from peoples as diverse as the citizens of the 28 nation EU is futile, at least in the timeframe visualized by Europe's political elite. Such an attempt will inevitably lead to a choice between abandoning the will of the people as the basis for political authority (and moving further toward elite authoritarianism) or dramatically slowing the rate of integration to a sustainable pace.

Shortly before the Brexit referendum, Matthais Matthijs wrote a brief comment for the magazine *Foreign Affairs* that summarized the situation very well.<sup>3</sup>

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<sup>2</sup> D. Rowe, *Europe's leaders are playing with fire*, July 2014. Available at <http://dmrra.com/publications/Risk%20Magazine/201407%20Europes%20Leaders%20are%20Playing%20with%20Fire.pdf>

<sup>3</sup> See Matthijs, M.; *Britain's Point of No Return*, available at [https://www.foreignaffairs.com/articles/united-kingdom/2016-06-21/britain-s-point-no-return?cid=nlc-twofa-20160623&sp\\_mid=51679980&sp\\_rid=ZGF2aWRtcm93ZUBkbXJyYS5jb20S1&spMailingID=51679980&spUserID=NTA0ODM1NTQzMTgS1&spJobID=943438796&spReportId=OTQzNDM4Nzk2S0](https://www.foreignaffairs.com/articles/united-kingdom/2016-06-21/britain-s-point-no-return?cid=nlc-twofa-20160623&sp_mid=51679980&sp_rid=ZGF2aWRtcm93ZUBkbXJyYS5jb20S1&spMailingID=51679980&spUserID=NTA0ODM1NTQzMTgS1&spJobID=943438796&spReportId=OTQzNDM4Nzk2S0)

He pointed out that:

The (1993) Maastricht Treaty signified a break from the American-led postwar consensus of “embedded liberalism”—when sovereign nation states agreed to move in a broadly liberalizing direction, but were careful to keep vast economic policy discretion to cope with hard times. Maastricht created the Europe we know today, which is much more overtly political, has vastly expanded its body of EU legislation that member states need to implement, and spawned a huge bureaucracy to oversee the rules of the game.

He further pointed out that:

...the referendum in France in 1992 on Maastricht had only the tiniest of margins (“le petit oui”), while the Danes actually rejected the treaty and needed to renegotiate their own formal opt-outs before eventually signing on. *At the time, European elites dismissed the worrisome results of these popular referenda as small annoying obstacles to their vision of a common currency and, eventually, a federal Europe.* (emphasis added)

As noted earlier, the reaction was effectively the same after Holland and France rejected the proposed EU Constitution in 2005 and after the major success of Eurosceptic parties in the 2014 European Parliament Elections. Reshaping the goals of the European Project to creating gradually greater openness and economic cooperation among sovereign nation states would result in a sustainable process. If elite politicians view this latest rebuff as just another “*small annoying obstacles to their vision of... a federal Europe,*” it will stoke further popular resistance throughout the entire EU. Continuing the forced march toward a federal United States of Europe risks a broader backlash that could wreck much of the great work that has been accomplished over the past six decades.

Sustaining peace and prosperity for an entire continent is a daunting task and an awesome responsibility. One can only hope that Brexit is the “rap up beside the head” that finally gets the attention of Europe’s political elites. If so, they have a chance to salvage much of the beneficial work that preceded them. If they ignore the resistance of a growing and angry segment of Europe’s population, they risk doing serious damage to the institutions they so devoutly wish to strengthen. Matthijs concludes his comment by

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saying, “Finding the Goldilocks equilibrium between EU rules and national discretion will be the difficult task ahead.”

The pre-referendum reaction from European Commission President Jean-Claude Juncker was to say that, “Brexit would not change the fundamental nature of the process of European integration.” Based on statements such as this, I am not encouraged. Nevertheless, as Desmond Tutu famously said, “We are prisoners of hope.”

Published with permission to the PRMIA Brexit Resources Page,  
<http://www.prmia.org/brexit>, 8 July, 2016.