



### HOW DO WE RELATE TO EUROPE AFTER THE BRITISH REFERENDUM?

#### Paris Conference, 28 November 2016 - Executive Summary

We have never been in greater need of rebuilding Europe to address common challenges, according to Marcel Grignard, President of Confrontations Europe. Many are tempted to withdraw, so we must agree on what we want to share. Brexit has come as a huge symbolic shock. Nick Butler, Professor at the King's College of London, believes we still share challenges: competitiveness, unemployment, insecurity and climate change, none of which can be solved by a single country alone. Brexit could further imbalance an EU where Germany cannot and does not want to lead alone. We also share values with most European populations: belief in a state of law, which has enabled peace and prosperity during 60 years, belief in a social contract, freedom and internationalism. But the British people have decided the European project is not working: it relies mostly on rules, in a world of relationships of power (the US, Russia, China). Europe needs to become a global public power working towards peace and overcoming shared challenges, while defending its own collective interests. Philippe Herzog, Founding President of Confrontations Europe, is suggesting an ad hoc status of associated state for the UK, in a third neighbourhood circle, the first being the Eurozone, the second the EU.

#### **What are we prepared to share in the European Union? Security, freedom and defence**

Europe's security is declining quickly, as we are experiencing major crises for which we have no solution according to Nicole Gnesotto, President of the Institute of Advanced Studies in National Defence. To the east, the Russian president is rejecting the European order, posing real military threats. To the south, the arc ranging from Mauritania to Afghanistan is deteriorating, with many quasi-failed states. The internal threat of terrorism stems from nationals, but the strategic threat is feeding all populist regimes. Political challenges are further weakening Europe (Brexit, Trump the authoritarian evolution of Turkey). What should we be doing? Despite talks on European defence, Europeans are afraid of precipitating the departure of the US, and still believe Trump may not take action. Europe remains a sine qua non framework, namely as regards security, because the nations are tiny. Our real challenge is posed by populists, both outside (Russia, China, Turkey, the US, etc.) and in (Hungary, Poland, Finland and potentially all countries), believes Shada Islam, Director for Europe and Geopolitics at Friends of Europe. Migration will increase, given the surrounding failed states, and we will not stop it by building walls. We need a consistent plan because helping Africa to develop will not stop migration. Our values are the best tools for fighting intolerance and populism. Brexit has given Poland, the Czech Republic, Hungary and Slovakia a new role in Europe according to Martin Michelot, Director of Research for EUROPEUM: the UK was their closest ally in terms of the transatlantic link, the internal market and free trade. As regards refugees, they promote "effective solidarity", which actually means "flexible solidarity": we take who we want. To rebuild Europe on new foundations would require consideration for Central European countries, which defend a greater role for national parliaments, subsidiarity and the European Council. There is a paradox between the desire to slow down European construction and a need for Europe, namely on security. We should develop a long-term vision on Russia.

#### **What are we prepared to share in the European Union? Economics and social matters**



Denis Simonneau, Director of European and International Relations for Engie, points out that Brexit is not good news for the internal market, because of the uncertainties preventing players from investing and the risk of a progressive distance between markets. The British net contribution to the EU budget represents €8-10b/year, as pointed out by Hervé Jouanjean, Vice President of Confrontations Europe: where will we find this? Will the UK become a free rider penalizing EU businesses? Brexit could also speed up battles: fiscal harmonization, the inflexion of competition rules, etc. The UK has traditionally blocked social advances, but Brexit will not automatically mean substantial progress in this field.

### **What are we prepared to share in the Eurozone?**

Brexit could be seen as a momentum to break the deadlock in the Eurozone, points out Carole Ulmer, Director of Studies at Confrontations Europe. National opinions differ, so what can we do to consolidate a Eurozone with an investment strategy for sustainable growth and employment? Structural problems remain according to Vincent Aussilloux, Director for Economics and Finance at France Stratégie. The non-respect of commitments by some Member States is accentuating the north-south divide, especially on debt accumulation. The current framework cannot solve the imbalances. The first option is German: allocation of full responsibility at national level and reliance on market discipline. But applied to Italy today, it would end with a crisis of sovereign debt. A second option requires a strengthening of solidarity, accompanied by ex-ante control of national budgets by Member States. This would not be possible without converging economic growth models. We should also be developing solidarity and fiscal policy coordination. But the risk actually lies in that of dislocating Europe through divergences between balances of payments of European countries. According to Philippe Herzog, this stems from industrial polarization at the heart of Europe and deindustrialization at the peripheries. Public policies aimed at investing should be accompanied by structural reforms, to recreate a dynamic with European partners.

### **How can we rebuild democracy in Europe?**

Europe is at risk of disintegration and of defiance as to where the European project is heading and the way it is elaborated, as pointed out by Anne Macey, CEO of Confrontations Europe. We tend to think of democracy as being strictly linked to the nation state, but does Europe not have potential for being a lab of democracy? To take back control of our destinies, we need Europe. European democracy does not exist because solidarity is missing. It is being deconstructed, according to Virgilio Dastoli, President of the European Movement in Italy, as shown by violations of democratic rules: treaties require that the European Council does not assume a legislative function, that Member States “cooperate” loyally and that European political parties raise citizens’ European political conscience. The anti-European parties have in fact created a public debate on Europe. Four pillars are needed for democracy: representation, participation, proximity and social dialogue. Pierre Calame, Founder of the Charles Leopold Mayer Foundation, believes we could build a project shared by citizens through deliberative democracy. Regions could initiate “random samples of citizens”, panels with a robust information base, including anti- and pro-Europeans. Coupling regions could help create exchange, paving the way for the second step of bringing these panels to Brussels. We need NGOs like Confrontations Europe to call for such a citizen process. The initiative could be announced on March 2017, for the European Union’s 60<sup>th</sup> anniversary. The idea is not to replace institutions, but to ensure they answer the concerns of European citizens. Through this conference, Confrontations

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## EUROPE

Europe aims to make a deeper diagnosis of how Europe is coping with Brexit, in a context of upcoming French elections as pointed out by Marcel Grignard. Our country faces a triple responsibility: that of conducting internal reforms; agreeing on what we want for Europe; and building Europe's future with our neighbours.

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