

**T**he Brexit question is hitting Europe in rather unsteady times. After long years of crises in the Eurozone, Greece almost exited the single currency in July 2015. Although other challenges dominate European politics today, it is very likely that Grexit is not off the table. The refugee surges from Syria and North Africa have pushed Europe in general and the Schengen area in particular into deep crisis. This refugee crisis highlights the shortfalls of a desperately needed functioning and fair common asylum system that apparently so far [only exists on paper](#). The general principle of solidarity among the EU Member States, mentioned in Article 2 of the Treaty of European Union (TEU), has suffered from both the Grexit debate as well as the refugee crisis. At the same time forms of differentiated integration such as the idea of a [“core Europe”](#) constituted by the [“Euro-Core”](#) seem to be ever more realistic scenarios for future European integration.

How does the “new settlement for the UK in the EU” and the British referendum on the UK’s EU membership, which will be held on 23 June, feature in this picture of a deeply shaken European integration process? This article will discuss this question first in light of the “new settlement” itself, i.e. a non-Brexit scenario, and second in consideration of future prospects of European integration in case of both a Brexit and non-Brexit scenario.

## **The implications of “non-Brexit”**

The ground for extensive British unilateral negotiation in preparation of the referendum seemed to be rather thin in light of the crises stricken EU. Hence, the “new settlement” contains provisions that might develop certain political implications of the UK remaining within the EU. While the UK actually preaches to the converted by demanding strengthening the Single market, other parts of the “new settlement” are rather remarkable for several reasons. The explicit exemption of the UK from the principle of “ever closer union”, for example, touches upon the core principles of the Union as defined in the TEU. Additionally, the adherence to this principle forms part of the UK’s accession treaty with the EU. Still, the heads of state and government declare in their statement that

*the references to an ever closer union among the peoples are [...] compatible with different paths of integration being available for different Member States and [do not compel all Member States to aim for a common destination](#).*

Although this confirms differentiated integration as a viable and accepted principle of

European integration, it also loosens the common integration framework. This does not only represent a [“surreal” situation](#), it also could provide grounds for a loose Europe *à la carte* model in the future. The “new settlement” neglects the fear of risking triggering a contagion effect: particularly nationally conscious Member States like Hungary and Poland could seize this opportunity to opt out of future integration projects.

Another crucial issue is the UK’s demand to get the right to curb EU internal immigration. The UK is not the only country whose population fears that people from other Member States benefit unjustly from their welfare systems. The four freedoms of the Single market as core values of European integration grant that no EU citizen is discriminated against based on her nationality. Therefore, a unilateral derogation, in the form of allowing immigrants access to the British social welfare system only after a period of four years of working in the UK, seemed to be a rather bold demand.

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The “new settlement” includes a proposal to amend Regulation (EU) No. 492/2011 of the European Parliament and of the Council on the free movement for workers within the Union, which compromises this demand and allows a Member State to ask for an “emergency brake” if the social welfare system is under excessive strain due to immigration. The Council would then have to vote on granting the Member State the right to [restrict in-work benefits to migrants for four years](#). In light of the current different interpretations of derogations from the Dublin regulation by EU Member States, the EU would be well advised to clearly define the respective conditions. As [Steve Peers explains in great detail](#), the proposal of amendment fails to do so.

The question of safeguarding sovereignty also required a compromise. National parliaments have their say within the early warning system established by the Lisbon Treaty. Admittedly, so far national parliaments have only successfully filed a yellow card twice and hence the system might need revision. The [“new settlement”](#) offers national parliaments a “red card” based on a reasoned opinion on non-compliance of a draft Union legislative act with the

principle of subsidiarity. However, it needs to be supported by 55 per cent of the votes allocated to the national Parliaments and sent within 12 weeks from the transmission of the draft. This means that a single parliament will not be able to block a decision. This is not quite what David Cameron demanded. Another consequence that might have been rather unintended from the British perspective is the fact that the UK will have to accept that other EU Member States might pull the red card against legislative proposals that are in the British interest.

## **Brexit or non-Brexit: The bigger picture beyond the “new settlement”**

In consideration of the history of the UK’s participation in European integration, it seems safe to claim that if the UK remained within the EU, future reforms for further European integration will become less likely, since the UK would need to approve them just like any other EU Member State. One solution to this could be an increase in differentiated integration, allowing the UK more opt-outs, as well as a proliferation of intergovernmental arrangements outside the EU’s legal framework along the lines of the Fiscal compact. This would add to the complexity of European integration. It is true that the UK represents a special case regarding the number and scope of its opt-out rights. Yet, it is seldom the UK alone that asks for derogations. The UK is, in other words, neither the only hurdle to deeper integration of the EU nor too exceptional in terms of its Euroscepticism.

The so-called engine of integration, composed of France and Germany, has almost come to a halt. The latter, in particular, finds itself increasingly isolated in its position vis-à-vis the current refugee crisis. The UK cannot be expected to substantially contribute to solving this crisis because it is not part of the Schengen area and is entitled to a complex derogation system of opt-out and opt-ins in the Area of Freedom, Security and Justice, which allows the UK to pick-and-choose its preferred policies. Additionally, there is general consensus that the EU needs reforms, but there is no consensus regarding the scope and design of such a “reborn” EU.

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The current crises are even enhanced by the fact that Euroscepticism has been on the rise in Europe throughout the past few years. Both national and European elections are proof of this. In May 2014 Eurosceptic parties came out strongest in the European Parliament elections in France (Front National), the UK (UKIP) and Denmark (Danish People's Party). In several other Member States like Austria (Freedom Party of Austria), Finland (True Finns) and the Netherlands (Party for Freedom), they represent the third-largest group. And in Germany, the Alternative for Germany, an anti-Euro party, reached a remarkable 7 per cent of the votes. At the national level, the Finns Party entered the coalition government in Finland in May 2015, the Law and Justice Party won the parliamentary elections in Poland in October 2015, and the Danish People's Party became the second-strongest force in Denmark. One could hence say that the road to future European integration is bumpy regardless of whether or not the UK exits the EU.

## Is a rethinking of European integration required?

Against this backdrop the most crucial question in relation to Brexit is what kind of political momentum would result from it. Two scenarios are possible. Brexit could eliminate one of the strongest veto players in the EU regarding further European integration. Needless to say, the future integration path would remain highly differentiated. The most likely scenario is the further development of a "core Europe" that nonetheless remains open to all EU Member States for joining whenever they are able and willing to do so.

Another possibility would be that Brexit further enhances Eurosceptic tendencies in the EU and motivates other EU Member States to follow down the British alley. The Hungarian Prime Minister Victor Orban already felt "inspired" by the British referendum and announced a referendum on the Council decision on the temporary refugee relocation mechanism from Italy and Greece to other member states. Brexit would in all likelihood also trigger secession tendencies. The Scottish people have recently voted to remain part of the United Kingdom. The outcome of this referendum was rather close, with 55.3 per cent voting against and 47.3 per cent in favour of Scottish independence. A [recent poll by The Sunday Times](#) highlights that while 53 per cent of English people would like the UK to leave the EU, 65 per cent of Scots would want the UK to remain a part of the Union. This creates an odd situation in that Scotland, which has just struggled to remain part of the UK and hence in the EU, could face the necessity of leaving the EU against its will only shortly afterwards. There is little doubt that this would imply a second referendum on Scottish independence so that Scotland could find a way to protect its EU membership. This could also affect other EU Member States that

face secession tendencies, such as Spain.

So far European disintegration has not been part of the picture of the European integration project. Brexit might spark a rethinking on the European integration process, and both scenarios for the future of Europe, that of differentiated integration and that of differentiated disintegration, will require further elaboration in the event of a non-Brexit and Brexit alike.

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