

Time for a new referendum – in Europe, not the United Kingdom

"I dream of creating a government in Europe made up of a single executive and European Parliament, with a directly elected President."

Jean-Claude Juncker, February 2018

Last week's Budget could be described as 'underwhelming': media comment was certainly downbeat. No doubt Brexit, quite apart from the Chancellor, contributed to the lacklustre content of the speech: a hint of sunny uplands to come, and a warning of an emergency Budget early next year in the event of 'no deal'.

This commentary contributes to the growing confidence that a deal will be done, and will be approved by Parliament. Following that, we consider the next steps that the European Union should take, in order to secure economic stability through political integration.

The news during last week that Brexit deal negotiations had reached agreement on financial services put another significant building block in place. Meanwhile rumour has it that the shenanigans over the Irish border are - [as we predicted three weeks ago](#) - mainly bluster and politics: they're unlikely to stand in the way of a final deal.

Some may have suspected trouble ahead when the EU Heads of State gathering on 18/19 November was cancelled, but this now appears to be more about not taking chances on that date, rather than anything more serious. In fact it now looks as if the final deal could indeed be agreed by then.

So the attention will then turn to the UK Parliament, and there too we can be cautiously optimistic. The key factor here is likely to be continuing job prospects within individual MPs' constituencies: and increasingly we are hearing of employers putting pressure on their local MP to vote the deal through. It's a transparent process, going through the voting lobbies: and which MP would like to be hauled up by their local newspapers as the person who contributed to many local people losing their jobs?

So, while there may be a few rebels on the Government benches, I suspect that they will be more than counter-balanced by Opposition MPs acting in the best interests of their constituents: supporting the deal.

Let us assume, therefore, that Brexit moves ahead, and the United Kingdom, the stock market and business generally can start planning on the basis of some certainty.

The spotlight should then switch to the EU itself, and more particularly the Eurozone: for it is in dire need of the stability that only political integration can bring. We [focused on this most recently on 25 June](#) providing links to a 1996 article by Sir Martin Jacobson about the inadvisability of pressing ahead with a single currency before establishing political leadership on a Europe-wide franchise.

A perfect storm is now in the process of hatching, combining an Italian virtual declaration of economic UDI, Germany refusing to endorse the European vision of Angela Merkel, and the ending of the European Central Bank's monetary support, via Quantitative Easing.

Brexit means that the UK's veto on 'ever closer union' has finally been removed. After our 2016 referendum [I wrote to EU Heads of State](#) on the significance of our exit for political integration, and I believe it is now time for a Europe-wide referendum on establishing that a democratically elected President. The referendum should report not only across the European Union and across the Eurozone (separately) but for each constituent country.

Then, following that referendum, European Union Heads of State should determine whether the Presidency should apply to the whole of the European Union or to the smaller group of Eurozone countries: the latter would of course be sufficient to ensure stability going forward.

If the overall majority votes in favour of a directly elected President, any Eurozone country which voted against (including Germany and Italy) should be invited to withdraw from the single currency. Any further disengagement should be at the discretion of the national government concerned, and potentially might involve a further national referendum.

This process would anchor the stability of the Eurozone for the long-term: something essentially important for all European countries (including the United Kingdom) and the world economy. And it is all made possible by the UK's decision to leave the European Union, for it has been our continual refusal to accept 'ever closer union' which has been the Eurozone's biggest Achilles heel.

Who might be the first directly elected President? Clearly Emmanuel Macron may have ambitions, and he certainly appreciates the need for this kind of political integration. But it would be for the people of the European Union as a whole to decide, and who can tell who would put themselves forward? But, when in place, Europe could genuinely stand alongside the United States and China in terms of global leadership, and I would suggest that in addition to economic stability its high standards of governance and ethics would contribute hugely to the world becoming a much safer place, and in a much better condition, for leaving to our descendants.

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