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Meetings are held under Chatham House rules, so that opinions expressed may be reported but not attributed. These seminar-style events typically open with short presentations from two experts, one of which is usually a member of the LSE faculty, followed by open discussion among the group.

In these write-ups, issues raised in the discussions are collected into an essay including references to relevant research and exploring some questions in more depth. The authors are encouraged to elaborate and reflect, so they should not be read as an unvarnished record of the discussion.



Brexit and Multilateralism

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Is Brexit simply a withdrawal of Britain from an influential multilateral institution, and a consequent reduction in Britain's, and to a lesser extent the EU's, influence in the global system of multilateral institutions and rules or, alternatively, is it a symptom of a more general unravelling of that system?

Brexit and Germany within the multilateral system

Brexit is bad news for the EU and perhaps especially for Germany, the EU's largest and richest member. Many German industries are closely integrated into the UK economy, and supply chains will not cope with border delays that are inevitable consequences of leaving the Single Market. Nevertheless, German industry is resigned to Brexit, and as the representative of one major German car company was reported to say, Brexit is only 'about number eleven' on their list of headaches. Brexit is a major amputation from the Single Market, but the priority is to make sure that the remaining body stays intact. Therefore firms that benefit from operating within the Single Market are unmoved by appeals from the UK such as Theresa May's [Lancaster House Speech](#), that propose special deals in particular sectors such as automobiles and finance.

Perhaps a greater concern is that Germany will lose an important ally in moulding the Union towards a more open economy with less red tape bureaucracy and with more fiscal discipline. Without the UK, Germany may no longer be able to muster a blocking minority of fiscally-conservative countries.

Another concern is that with Britain exiting, Germany will dominate the EU, just as it has the Eurozone, and that this may also not be in its own long-term self-interest – it might even threaten peace and prosperity. The *raison d'être* for European integration, as originally laid out in the [Schuman Plan](#), was to solve and settle 'The German

Question' once and for all. Again later at the time of negotiating the 'Two plus Four' Treaty between the World War Two allies and East and West Germany, which allowed the reunification of Germany in 1990, both Thatcher and Mitterrand were worried about an over-mighty Germany. Thatcher believed that 'the German problem' was inherent in German national character with its roots in the late formation of the German nation state, which caused it to veer 'unpredictably between aggression and self-doubt'. A reunited Germany, she believed, would dominate Western Europe, and its economic dynamism would lead it to look East as well as West, which would destabilize Europe. A close Franco-British alliance and a continuing American presence were together necessary to contain German power. According to Thatcher, European integration would only increase German dominance.ⁱ Mitterrand, on the other hand, (along with most of the British government except Thatcher), believed that European integration was the only way to bind Germany to the West and to European institutions. 'Everything will remain under control if progress toward ending Germany's division does not proceed faster than the construction of Europe' wrote Mitterrand's adviser Hubert Védrine.ⁱⁱ Helmut Kohl was cautious about the sequence of European integration, and wanted both economic convergence and political union to come before monetary union. Implementing EMU first was a compromise allowing a more rapid integration to keep pace with German unification. Brexit therefore arguably leaves Europe still more incomplete and disintegrated, and thus unbalanced with Germany dominating the Union in a manner that some fear is unstable.

Taking a more present-day perspective, the imperative case for European unity is generally framed as an answer to problems arising from globalization. However, many Europeans seem to be turning away from integration. What has gone wrong? What did the EU do wrong to allow all of the populist nationalism that has been seen, not just in the UK, but across Europe, in Hungary, Poland, Austria, Italy etc? One factor may be that Russia is an aggrieved former superpower that has been watching its smaller neighbours defect towards Europe. Recognizing that acts of external aggression are likely to have the effect of increasing solidarity and strengthening the EU, the Kremlin has instead been deploying the effective strategy of working hard to foment nationalist sentiment inside the EU. If so, however, this has only succeeded because the soil was already fertile for nationalism.

Ironically, it is globalization itself that is the very reason many Europeans have turned against Europe. They feel more at home and safer in their nation state. Nationalists were breaking through in elections across Europe arguing that the clock could be turned back on globalization, and problems like mass migration, perceptions of an unjust financial system, and the effects of climate change could all best be handled at the national level. Then came Macron with his winning slogan '*L'Europe qui protège*' – Europe that protects us. And this sparked off similar movements in other countries, including Germany, with 'Pulse of Europe'.

Macron was not just slogans though, he also made [concrete proposals](#). German support was crucial, but the response was silence, partly because Germany was also in an election campaign, with some key members of Angela Merkel's own party seeing calls for European solidarity as a grab for German money. Another reason for the slow

German response to Macron's proposals is Angela Merkel's strategic hesitation, or what Ulrich Beck called '[Merkiavelli](#)'.

Germany has benefited perhaps more than any other country from the normative project we call 'the West' – the multilateral institutions built up on the values of the Enlightenment, the French and American revolutions and the [Wilsonian Principles](#). Economically, Germany relies on the open markets provided by other countries through the EU, the WTO and other agreements that allow it to run huge trade surpluses, while in security terms, it relies on NATO. When Trump complained that Germany was free-riding in NATO, he was only repeating in less polite terms what Obama had [previously said](#). The difference though was that Trump called into question the Article 5 guarantee of assistance. He later [backtracked](#), but a security guarantee is something that only works when people really believe in it.

Since both open markets and NATO seem no longer to be American priorities, the EU is now critical to upholding Western values and institutions, and many are [dismayed](#) at Germany's apparent failure to embrace emphatically the opportunities presented by Macron for reforms which are essential to address European weaknesses that have been exposed in Italy and elsewhere around the euro and migration into the EU.

Merkel gave an interview to the Frankfurter Allgemeine Zeitung on 3rd June responding to Macron with positive remarks on tackling the European refugee crisis and security, but with a much more muted response to Eurozone reforms, calibrated to make them palatable to the Bundestag, which has a powerful aversion to any suggestion of a Transfer Union, which would redistribute some of the excess profits that Germany and others made thanks to the Euro, to members for which the Euro has caused financial difficulties.¹ [Many](#) on [both sides](#) of the argument argue that the present arrangements for the recapitalization of the ECB are in fact already a transfer union by the back door. Without more transparent rationalization though, they are likely to be ineffective in averting crises which would result in even greater transfers.

The worry is that Angela Merkel's strategy of keeping options open can lead to situations where only bad options remain. Previous chancellors saw crises on the distant horizon, took bold decisions and then persuaded the German people to get behind them. Germany was not automatically a 'Western' country^{2 3}, but German leaders took tough decisions to make it one. Adenauer first drove Western integration; Willy Brandt drove through his policy of [Ostpolitik](#); [Helmut Schmidt](#)

¹ See for example: Sebastian Mallaby, Financial Times, 24 November 2011, *Germany is the real winner in a transfer union* <https://www.ft.com/content/a1e77c1e-15f2-11e1-a691-00144feabdc0>

² Thomas Mann defended Germany in the First World War as the champion of 'culture' resisting democracy and 'civilisation'. See *Reflections of an Unpolitical Man* Thomas Mann ; translated, with an introduction, by Walter D. Morris (Ungar 1987)

³ Heidegger said the West was just *das Gestell*, whereas Germany had a deeper culture. See Lin Ma, and Jaap Van Brakel. "Heidegger's Comportment toward East-West Dialogue." *Philosophy East and West*, vol. 56, no. 4, 2006, pp. 519–566. *JSTOR*, www.jstor.org/stable/4488052.

persuaded his country to accept medium range missiles; Helmut Kohl led them to the common currency; and Gerhard Schroeder pushed through [the 2010 Agenda](#), which implemented structural reforms to restore German economic dynamism after reunification.

One possible silver lining of Brexit, is that while it is likely to be disastrous for the UK, it might increase the chances of reforms like those proposed by Macron, particularly in security, being agreed.

The value of multilateral institutions

The failures of Western politicians to make the decisive moves necessary to protect the multilateral system may be the result of people taking the international system for granted. The euphemistic “WTO option” of a Brexit without agreement between the UK and the remaining EU is a clear example of the assumption that the rules based international trading regime is a constant bedrock, despite the fact that Donald Trump often seems bent on dismantling the WTO.

Multilateral institutions however are crucial to maintaining relatively effective international relations, and they are an innovation with a short history. It took 70 years to build them up to their current, far from perfect, but relatively useful condition. Before that there was the League of Nations, which failed in the 1930s, and a brief moment following the defeat of Napoleon, with [the Concert of Europe](#).

Apart from those, for the rest of history, international relations have been bilateral. At the [Peace of Westphalia](#) for example, there were 109 delegations from all different levels of state, and they never met in plenary, but all negotiated bilaterally with each other. To understand how inefficient, opaque and prone to breed mistrust bilateral relations are, one can look at the exchanges that took place before 1914, as documented by TG Otte.ⁱⁱⁱ

There is an inevitable trade-off between efficiency and legitimacy, and so multilateral organisations fall on a spectrum between coalitions of the willing such as the ‘G’ summits or NATO, and the more universal organisations within the UN system. However, these are in various ways reliant on each other, and many of them seem to be in trouble, as was seen at the recent G7 meeting in Quebec.

The EU was always dependent on NATO. The Schuman Plan couldn’t have been put into effect without the underlying security guarantee. But the EU was also established as a security organization, and the two institutions work together. The EU’s purpose was to create good political relations. Jean Monnet’s theory was that you become friends by doing things together, rather than you do things together because you are friends. The more things you do together, the better friends you become.^{iv} One of the things that strengthen the EU is its diversity, not necessarily of its membership, but of the number of different things it does. The effect of this is that it is in a continual process of negotiation, and the result of that is that it is strategically important to quarrel as little as possible with your fellow members in a way that damages your

relationships, because you never know in what negotiation you will next need their support.

The downside of this dynamic is that when you are not a member, it works against you. Outside the Union, if you have some contention with just one member-state, which is clearly of little consequence to the others, they will all nevertheless firmly oppose you, because they know they need that member's support in some other negotiation, and they can't afford to alienate them. Evidence for this can be seen in the increased negotiating strength of accession countries after they become members, compared to when they are negotiating the terms of their accession.

This dynamic may also be particularly problematic for the UK because in leaving the EU the UK, which is comparatively liberal in trade matters, may accidentally tip the balance of the EU towards protectionism. In this case, the UK may find that the EU it has left is actually more difficult to negotiate with than it was while it still belonged. If so, then this is another way in which Brexit will weaken not only the UK but also the EU, and in turn the weakening of the EU will weaken the West.

The rise of China

If western multilateralism is weakening, is China showing signs of building a new multilateral system? China is fast emerging as a great power following a very elaborate and strategic master plan. There are parts of the existing multilateral system that China seems happy to use, including parts that constrain it, such as WTO dispute settlement, and the [peer review process](#) in the Financial Action Task Force, which works against money laundering. But then they also seem to reject exactly these sort of mechanisms in other multilateral bodies, refusing to join for example the [OECD Anti-Bribery Convention](#), or [Export Credit Arrangements](#).

Meanwhile, China is creating new institutions such as the New Development Bank with the other BRICS countries, which is an alternative to the World Bank, a new emergency credit facility that parallels the IMF, and its Belt and Road Initiative is a massive international effort to build economic cooperation, including initiatives to combat climate change, which some have compared to the Marshall Plan.

Another dynamic that seems to be having a much more pronounced effect in the West than it does in China is the change of tone in the language of diplomacy. Trump is the most obvious example, but certainly not the only one. Where has this come from, and why is it so much more evident in the West? One answer is the explosion of social media, and the weakening of the old hierarchies of top-down channels of communication. In this new media environment it has become far more difficult for what one might call 'the authorities' to cut through. Attention is the basic currency of the internet, and standards of decorum and consideration are of greatly diminished value, while the ability to gain attention by whatever means has become all important. It is no longer sufficient to convince a few influencers at the top of the establishment of the merits of international cooperation. Trump is unlikely to be just an aberration,

given this new media environment. Social media in China, on the other hand, are still under hierarchical control.

The end of the Cold War is another factor in the apparent decline in Western liberal values, in that the Cold War made their advantages very clear. During the Cold War, it was much easier to justify forceful action to defend those values, whereas now it seems more difficult to gather the will to act in their defence. China's model of 'meritocratic authoritarian capitalism' seems a less motivating antagonist. Perhaps eventually China's insistence on fealty to the Chinese Communist Party, which itself seems to be becoming less internally mobile, will seem less palatable if China's growing influence brings it into more frequent conflict with the aims of other nations.

In conclusion, Brexit can be seen as both a result of and a contribution to the unravelling of the multilateral system and Western values. The conundrum is that the more the system unravels, the less confidence the world has in the ability of multilateral institutions to protect their interests. It is far from clear what can be done to reverse this vicious circle and return it to a virtuous one.

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Toshiba
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Open Europe
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* Introductory remarks

ⁱ *The United Kingdom and German unification* Patrick Salmon in *Europe and the end of the Cold War: a reappraisal*. Bozo, Frederic and Rey, Marie-Pierre and Ludlow, N. Piers and Nuti, Leopoldo, eds. (2008) Cold War history. Routledge, Oxford, UK. ISBN 9780415449038

ⁱⁱ *France German Unification and European Integration* Bozo, Frederic in *Europe and the end of the Cold War: a reappraisal*. Bozo, Frederic and Rey, Marie-Pierre and Ludlow, N. Piers and Nuti, Leopoldo, eds. (2008) Cold War history. Routledge, Oxford, UK. ISBN 9780415449038

ⁱⁱⁱ Otte, T. (2014). *July Crisis: The World's Descent into War, Summer 1914*. Cambridge: Cambridge University Press. doi:10.1017/CBO9781107587878

^{iv} *The Monnet method: its relevance for Europe then and now* Mario Draghi, President of the ECB, Speech for the Award of the Gold Medal of the Fondation Jean Monnet pour l'Europe, Lausanne, 4 May 2017. <https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170504.en.html>