

# Grexit and Brexit: Lessons for the European Union

Written by Ino Terzi

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INO TERZI, MAY 4 2020

The Eurozone crisis and more specifically, the Greek sovereign debt crisis that broke out in 2009, culminating in the 2015 referendum, was the first time disintegration in the EU became a true possibility. Only a year later, the “most significant referendum in EU’s history” (Hobolt 2016, 1279) challenged the European institutions (Walter 2017), as the people of the UK voted to leave the EU. At first glance, Grexit and Brexit appear fundamentally different. Grexit refers to the likely possibility of Greece being forced out of the EU as a result of a government-debt crisis. On the other hand, Brexit is an ongoing voluntary disintegration process voted on by the people of the UK via the 2016 referendum. This brief outline is sufficient to indicate three fundamental differences. Firstly, one was a possible scenario of a member-state leaving the EU, the other is an ongoing process of a member-state leaving the EU. Secondly, in the case of Grexit, withdrawal from the Eurozone or the EU would be externally imposed, while Brexit is a voluntary decision of a major regional power to leave. Thirdly, with regard to the two referendums, only the British referendum posed a direct question with regard to EU membership.

The Grexit and Brexit crises could be perceived as *sui generis* events, attributable to external factors; poor political and financial handling in the case of Greece (Pedi 2017) and chronic Euroscepticism in the case of the UK (Jessop 2016; Howarth and Schmidt 2016). This, however, would deprive the researcher of the opportunity to identify similarities, potentially revealing structural weaknesses of the EU. The two crises of Grexit and Brexit have had a significant negative impact on the integrity and financial and political stability of the EU, revealing legitimacy issues, undermining solidarity and increasing uncertainty and euroscepticism (Krugman 2015; Lunch 2015; Cox-Brusseau 2019; Dodman 2015). Therefore, avoiding similar incidents is imperative for its prosperity and longevity. This article is an attempt to identify common patterns in the two crises and examine whether they are linked to institutional inadequacies of the EU, as well as how those inadequacies could be addressed to prevent the emergence of similar disintegration crises.

### Establishing similarity

A similarity between the 2015 bailout referendum and the 2016 Brexit referendum is that they are both *disintegration referendums*, according to the definition given by Walter et al. (2016, 4):

We define disintegration referenda as referenda that either outright aim at partially or fully retracting from an international institution or are perceived by the other members of the regime as pursuing a goal that violates the international institution’s rules to an extent that puts the member’s membership in the institution into question.

Walter et al. specifically classify the Greek bailout referendum as a disintegration referendum, since it was “widely perceived as a vote on the country’s continued membership in the Eurozone” (Walter et al. 2016, 5). This statement is corroborated by the relevant newspaper articles contemporary of the referendum. To give just one example, on 4 July 2015, the Washington Post writes: ‘...on Sunday, Greek voters have one of the most consequential decisions of their modern history to make about how to proceed next: Do they stay in the euro zone [...]? Or do they leave and risk unknown financial crisis?’ (Phillips 2015). The Greek bailout referendum is thus, the first disintegration referendum in the history of the EU. Based on the characteristics of disintegration referendums given by Walter et al. (2016), it is noted that, whether directly or indirectly, the Greek and British referendums constitute a unilateral foreign policy initiative to disturb international cooperation, having critical consequences on international actors outside the national

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borders.

A second point of similarity of the two referendums is that, according to Kai Oppermann's typology of political reasons for governments to pledge referendums on European integration, both can be attributed to domestic, defensive considerations (Walter et al. 2016). 'Domestic reasons' -as opposed to European reasons- means that the primary political drivers for the announcement of the referendum originated from within the state. 'Defensive' refers to the nature of those drivers being an effort to avoid losses, rather than exploit opportunities (Oppermann 2013). Neither one of the referendums was held in order to give the government insight to the will of the people and allow for better-informed governmental decisions; both referendums were an attempt of the governing party to diffuse internal disagreement.

The Greek referendum is considered to be PM Tsipras's attempt to deal with the opposition he would inevitably face from hardliners within his own party, was he to bring the bailout deal before the parliament (Tsebelis 2015; Lowen 2015; France24 2015; Marantzidis and Siakas 2019). According to Tsebelis (2015), the PM was aware of the economic and political crisis that the announcement of the referendum would cause and perceived it as the only chance to secure the survival of his government and to ensure that the parliament –mostly the hardliners of his own party- would not vote against a deal with the EU. Some have expressed the opinion that the aim of the referendum was to enhance the PM's negotiating power (Walter et al. 2016; Phillips 2015). Though it is possible that Tsipras considered an increase in his negotiating power a potential benefit of the referendum, domestic politics seem to be the primary reason for his decision.

With regard to the UK, David Cameron was also struggling with divisions within his own party, as well as the emerging UKIP, whose rise posed a long term threat to the Conservatives (Shaw, Smith and Scully 2017; Zappettini 2019; Bogaards 2017; Hobolt 2016). According to Jessop (2016), Cameron's pledge for a referendum was a misjudged attempt to address the opposition coming from the ranks of his own party and limit the increase in UKIP's popularity.

The preceding analysis points to the extensive role of populism in shaping the domestic political dynamics during the Grexit and Brexit crises (Marantzidis and Siakas 2019; Cox-Brusseu 2019; Kalyvas 2019). Bogaards (2017) goes as far as to attribute Brexit to a global phenomenon of declining mainstream parties and rising fringe, populist parties. According to Hameleers, Bos and de Vreese (2017), 'populist messages are characterised by assigning blame to elites in an emotionalised way', which was particularly prevalent in the two referendum campaigns. It is widely believed that 'No' and 'Leave' were marketed and perceived as anti-establishment votes, against a status-quo of European elites and mainstream national politicians, who were to blame for present grievances (Marantzidis and Siakas 2019; Hobolt 2016). In fact, those grievances were the negative effects of globalisation, embodied in two crises that struck the EU; the global financial crisis and the migration crisis (Boukala and Dimitrakopoulou 2017; Tsebelis 2015; Zappettini 2019). During both referendums, eurosceptic campaigners presented the EU as the source of the problems –often inaccurately so- (Zappettini 2019) or worse, as an enemy. In the words of Tsipras, speaking before the parliament about the bailout deal negotiations, 'there is no doubt that for the past six months we have entered a war of uneven battles. We have suffered losses, but we have gained ground' (Newsbeast 2015).

That narrative was naturally popular with a section of the Greek and British national audiences who, due to the Union's democratic deficit and elitist structure, felt their voices were not heard in the European institutions (Tsebelis 2015; Marantzidis and Siakas 2019; Howorth and Schmidt 2016). This shortfall of the EU is noted by Cox-Brusseu (2019), who points to the inability of the EU to effectively include Eurosceptics in the European integration debate, pushing them further into the political fringes and increasing polarisation.

## The insufficiencies of the EU

The negative effects of globalisation, taking a variety of forms (economic disparity, identity issues and national pride, immigration crises), were not effectively addressed by national governments, giving birth to status-quo challenging politicians who gained popularity by leveraging the anger of those most affected by globalisation. The EU, having failed to present itself as a solution to the grievances of globalisation, became a convenient scapegoat and failed to

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reply to the blames directed against it. Information on EU's counter-campaigning is scarce, suggesting that no coordinated efforts were made. The inability of the Union to communicate with its citizens effectively is a weakness exposed by the two crises and manifested in two ways: firstly, disparity in priorities; and secondly, reputational crisis communication.

Several academics have argued that issues of high priority in the European agenda, such as feminism, multiculturalism and environmentalism, leave a section of the British population indifferent, thus increasing sentiments of alienation from EU institutions (Bourne 2016; Hobolt 2016). It has even been suggested that the 'leave' vote was a symbolic anti-immigration vote (Hobolt 2016; Zappettini 2019). The European elites need to understand and address the issues that are salient to *all* European citizens, especially the more marginalised. In order to achieve that, the EU has to engage in 'two-way communication' with its citizens, speaking in terms of Grunig's (1989) and Dozier and Ehling's (1992) public relations typology. Along with the above, Eurosceptic politicians, to the extent that they represent a section of the population, should be effectively included in the debate about European integration, in order to prevent further polarisation and contain populism (Howard and Schmidt 2016; Cox-Brusseau 2019).

Apart from the pre-emptive public diplomacy described above, there is need for a defensive crisis communication mechanism in order to tackle disinformation and negative messages in case of a reputational crisis. Interestingly, while there is general acceptance of the fact that the Eurosceptic campaigns of the two referendums consisted of negative and often inaccurate messages about the EU (Boukala and Dimitrakopoulou 2017; Zappettini 2019), there seems to be a gap in the literature regarding the EU's response to these communication threats. It appears that the EU has no established mechanisms of internal reputational crisis management, an issue that needs to be addressed if the EU is to build any reputational resilience.

## Conclusion

The literature comparatively reviewing the Grexit and Brexit crises is limited. The present work suggests that such an analysis can be revealing about the domestic and international political dynamics of disintegration crises in the EU. This article focused on the analysis of the two referendums in order to identify common patterns suggestive of shortfalls on behalf of the EU. The two crises are largely attributable to the inability of the EU to successfully present itself as the solution to the problems of globalisation and its inability to counter domestic narratives that portrayed it as the source of the problems of globalisation. During the Grexit and Brexit crises, the suboptimal communication of the EU with its citizens escalated to a reputational crisis that the EU failed to address and perhaps even comprehend. Addressing this insufficiency of the EU is crucial for the prevention of similar disintegration crises and in order to counter them if or when they do emerge.

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