

"The post-war order is shaken"

Economist Hans-Werner Sinn on the Brexit, the inner balance of the EU and a last offer to the British

Hans-Werner Sinn

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Mr Sinn, assuming that a miracle does not happen, Britain will be the second largest economy leaving the EU at the end of March 2019. What is the dimension of Brexit for the remaining Union of 27?

The UK is as big as the 19 smallest EU countries combined. Its exit is thus economically synonymous with the exit of 19 of the 28 EU countries. The idea that one can go over to the agenda because Brexit is a non-event is absurd. The post-war order is shaken.

You once said that after Brexit, no stone should be left on the other in the EU. What consequences does the EU have to draw?

The first consequence from the German point of view is that the blocking minority clause in the EU Council of Ministers, which is enshrined in the Treaty of Lisbon, must be changed. This clause states that resolutions can be blocked by a group of countries that comprises 35 percent of the population. So far, the northerners, Britain, Holland, Germany, Austria, and the countries up to the very north, were 39 per cent of the population, while the Mediterranean countries were 38 per cent. So both groups had a blocking minority, it was a balance of power. You could not enforce anything that displeased one of the groups.

This "inner balance" would be lost?

That's the way it is. Without Britain, the northern group slips to 30 percent and loses the blocking minority, while the Mediterranean group of states goes up to 43 percent. That needs to be changed urgently. Because Germany can not accept that the blocking minority clause in the EU Council of Ministers remains as it is.

What about the topic of migration?

One reason for the Brexit decision of the British was the issue of intra-European migration. One must consider whether the reasons of the British are not legitimate for their exit decision, because they point out an EU problem. The British government had indeed wanted in the negotiations that a delayed integration of EU immigrants into the British social system is made possible. London argued that Britain was a social magnet.

How can you do it differently?

The services provided should be paid by the host country, which inherited from the home country. Among the services I have developed, I understand benefits of pension, health, accident and unemployment insurance, which you pay yourself. Among the inherited benefits I understand the tax-financed benefits such. For example, social assistance for the low-skilled, who can not find

work, for the chronically ill, for disabled persons or for children who remain abroad. Non-employment related benefits should be provided by the EU home state because the home state is the insurance collective from which one comes. A reorganization of the domestic insurance collectives at the expense of functioning social welfare states of the EU should be ruled out. Incidentally, such a regulation would be the last chance to avert Brexit. Should the House of Commons reject the relapse treaty that Prime Minister May negotiated tomorrow, which I do not think is unlikely, the race is yet again open. Then you could offer the British an offer that they can not refuse.

The interview was conducted by Alexander Weber.