
The Cost of Brexit: Neo-Functionalism Strikes Back

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***Abstract:** On 23 June 2016, British people decided to leave the European Union by 51.9% at Brexit referendum. With the launch of the 50th article of Lisbon Treaty by Theresa May on 29 March 2017, the negotiations which are called as “Brexit talks” began. It is assumed in this paper that either concluded successfully or not, the economic, social, political, cultural costs of Brexit, would diminish the probability of leaving the EU option for other sceptic members while dealing their problems with the EU. Any potential future sceptic EU member, who witnessed the difficulty and complexity of UK leaving the EU (known as a powerful country and the leading Eurosceptic in the Union), would hardly consider leaving the EU. The theory of neo-functionalism will be both used as the argument and the explanatory tool for proving the assumption made above.*

***Keywords:** Neo-functionalism, European Union, Spill-Over Effect, Euroscepticism, Disintegration.*

Introduction

On 23 June 2016, British people decided to leave the European Union by 51.9% at Brexit referendum. With the launch of the 50th article of Lisbon Treaty by Theresa May on 29 March 2017, the negotiations which are called as “Brexit talks” began. Lisbon Treaty presents a two-year time limit to complete negotiations between London and Brussels. Either it will be successful or not, Brexit decision displayed that leaving the EU would be very costly. Not only in the sense of financial or economy related costs, but also there would be costs in social, political, cultural fields. The grounds of those costs could be understood through Neo-functionalism, the neglected theory of integration for a long time. While Britain is attempting to leave the EU, London confronts the neo-functionalism. Assumptions of Neo-functionalism, which used to be the mainstream approach explaining the nature and dynamics of European integration, now strikes back at almost every aspect of Brexit negotiations. According to Neo-functionalism integration in one economic sector creates pressure for integration in other economic, social and political sectors, at the end, integration level would reach a high that reversing or even stopping it would be very costly. Ernst Hass suggested the term spill-over to explain this phenomenon.

Especially, some issues have been more difficult for the UK while the Brexit talks. British institutions such as the Department for Environment, Food and Rural Affairs (DEFRA), the Department for Transport (DfT), the Department for Business, Energy & Industrial Strategy (BEIS), and the Competition and Markets Authority (CMA) had

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an excessive workload. The two-year time limit did not make things easier for those institutions, either. Consequently, there is an expectation of shrinkage in British economy in following years. In addition to economy, problems are also expected in some vital sectors, such as public health, too. Moreover, issues such as border of Northern Ireland and status of Gibraltar had been the toughest ones in Brexit talks. They still present a lot of potential for future problems.

It is true that Britain has always been among Eurosceptic countries and anticipates keeping the European Union at intergovernmental level. However, she became a member of the European Economic Community (EEC) in 1972 and she is highly integrated into the European Union, despite insisting on some exemptions and has chosen the opt out option for instance for social and monetary policies. The spill-over effect can be observed in every sector and aspects of Brexit talks. In fact, this is an absolutely new phenomenon. Whether the spill over effect would work backward or not, it will be experienced for the first time. Additionally, the question of whether an era of European disintegration is arisen, entailed by Brexit as a hot discussion topic. The experience, cost and the result would frame an example for potential future disintegration.

In the working hypothesis of this paper is either concluded successfully or not, that the economic, social, political, cultural costs of Brexit, would diminish the probability of leaving the EU as an option for other sceptic members while dealing their problems with the EU. Any potential future sceptic EU member, who witnessed the difficulty and complexity of the UK leaving from the EU, which is a powerful country and the leading Eurosceptic in the EU, would hardly consider leaving the EU. The theory of neo-functionalism will be both applied as the argument and the explanatory tool for proving the assumption made above. It is argued that the integration, so far, has been developed as it has been foreseen by the neo-functionalism, thus it is very complicated in nature and disintegration in a sector would have a negative effect on other sectors and that negative effect would harm other sectors and so on.

The paper will start with a theoretical framework where different aspects and approaches of European integration are discussed and the explanatory power of neo-functionalism, especially the spill over effect, will be demonstrated. Secondly, various features of Brexit, as the independent variable of the study, will be elaborated. Thirdly, the most complicated issues and their costs to Britain will be discussed in order to display the validity of the assumptions of neo-functionalism and how it makes disintegration a difficult, if not impossible, option for other sceptic members.

Theoretical Framework

There are three main theories of European integration which are also referred as early theories: federalism, functionalism and neo-functionalism (Söderbaum, 2011:2). Federalism considers the nation state as a problem, and proposes a new kind of political form. According to Federalism, the fundamental question about nation state was its insufficiency to ensure the political and economic security of its own citizens. Federalism had emerged as a political ideal to provide peace in Europe after First World War. Indeed, the First World War was largely a result of the failure of nation state. The form of political organization that federalism suggested was federation which refers to the division of power between two or more levels of government. More specifically, a federation acquires

previously separate and autonomous political units to establish a new form of union with a central authority, in which the units preserve some degree of powers (Bergmann and Niemann, 2013:3). The early ideas about European integration were largely influenced by federalism which was rather a political program than a theory. In other words, federalism is a normative set of ideas rather than an analytical theory.

There are two different schools of thoughts on federalism, with regard to agenda to establish a federation. According to classic federalism, a constitutional revolution and broad social movements are useful tools to put pressure on the political elites. The demand of federalism has to come from lower and middle classes through upper classes. Second school of thought does not find radical changes beneficial. The gradual process would be more successful in a long term (Bergmann and Niemann, 2013:3). This concept has gained greater acceptance.

Functionalism is also rather a vision for peace than a theory which is primarily associated with one particular scholar: David Mitrany. He was trying to comprehend which political level would be better suited to meet the specific needs of the society. The answer was to go beyond the nation-state (Söderbaum, 2011:2). Mitrany had not been able to produce a democratic global governance model. He claimed that by integrating in specific low-level functional areas, a global peace and welfare environment would be achieved which are covering all human-beings. Functionalism cannot be considered apart from cosmopolitanism which regards all human beings as a single society and comprehend of the globe as one single political space (Steffek, 2014:24). Indeed, Mitrany can be regarded as the first scientist to determine the roadmap for cosmopolitanism. However, functionalism is still separated by a very basic difference from the current cosmopolitanism. Functionalism refuses to establish a global political government and regional political integration initiatives, such as European Union, in contrast to the current programmatic cosmopolitanism. Functionalism emphasizes an integration model through low politics which covers more technical areas with non-political cooperation by replacing diplomats and politicians with jurists and experts (Steffek, 2014:25).

Neo-functionalism, which has been the main source of the theoretical debates of European integration, is the combination of functionalism and ultimate determination of federalism. Ernst Hass suggested spill over, a concept which assumes that deepening of integration in one economic sector would result in pressure of integration in other sectors (Söderbaum, 2012:2). Neo-Functionalism explicitly referred integration as a tool for regionalism unlike federalism and functionalism.

Ernst Hass was a European-American who had to leave Europe in 1938 due to the oppressive circumstances in the continent. That was why later he sought to solve the problems that caused two destructive wars in Europe. Hass synthesized assumptions of David Mitrany's functionalism and practical achievements of Jean Monnet's, from European Coal and Steel Community (ECSC) through European Economic Community (EEC).

Hass and neo-functionalism, as a theory, recognizes the importance of national states at a reasonable level. The nation state is the main actor to make agreements to be the pioneers of integration; however it might not be the authority to direct the course of regional integration. From his point of view, non-state actors, especially secretariats, interest associations and other agencies stands out as main practitioners of the integration

process (Schmitter, 2005:257). The transnational socio-economic synergy which is produced by the spill-over effect will erode the sovereignty of nation states and open the way for supranational bodies. The unintended outcomes of previous decisions are the fundamental dynamics of this integration process (Scheidt, 2011:7). It has to be kept in mind that the main anticipation of neo-functionalism has been shifting loyalties from nation states toward supranational institutions. Karl W. Deutsch had also studied over Europeanisation and identity. He emphasized a sense of community which Haas was critical over its security centrism (Risse, 2005:293).

While functionalism and neo-functionalism are supranationalist, there are also state-centrist theories which assume that nation state has to keep sovereignty and promote national interest. The regional integration initiatives ought to focus low level politics and high-level politics ought to be left under the control of nation states such as national security and foreign policy. Stanley Hoffman's intergovernmentalism is first among state-centred theories. The mainstay of the state-centrist assumptions is based on the works of Hoffman and his intergovernmentalism. In practice, the European integration process had remained intergovernmental, as anticipated by Hoffman. The Treaty of Maastricht put forward the Three Pillar System in which communities matters were entrusted to supranational bodies while defence, judicial and security matters were decided upon exclusively by intergovernmental mechanisms (Scheidt, 2011:9). However it should be noted that European Union is not a traditional intergovernmental organisation. The decision-making processes, the qualified majority voting system, competency and organization of the Commission and the Parliament reduced the influence of member states.

The supranational institutions increase their prominence in course of time. European Parliament is a good case in this sense. The European supranational judicial system also narrows the jurisdiction of member states (Scheidt, 2011:9). Accordingly, integration of supranationalist and state-centrist approaches appeared as a necessity. The liberal intergovernmentalism was introduced by Andrew Moravcsik to meet this necessity. He clearly stated that "The legacy of regional integration theory teaches that no single theory or variable explains European integration or, indeed, international co-operation more generally." (Moravcsik, 1995:612). According to liberal intergovernmentalism, supranational institutions of the European Union are intergovernmental institutions that the member states bargain for provide their national interests. Although the member states are the main actors, supranational institutions have functional prefixes as they are the environment that leads to deeper and wider integration while providing legitimacy for bargains of member states (McLean and Gray, 2009:459).

The minimized role of states in neo-functional assumption has been challenged by the state centrist approaches. Although, some elements such as the roles of member states, increase in individuals' role in the international fields, and the incentives or constraints presented by the institutional structures forced neo-functionalists, including Haas, to reconsider the basic assumptions of the theory, the effect of spill over remained quite unchallenged, especially at low politics. The argument of this study essentially stems on the effectiveness of the spill over effect at European integration. Thus the spill over effect is necessary to be elaborated.

According to Lindberg, spill over, the centre assumption of the theory, is a

process of which “a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more, and so forth” (Lindberg 1963: 9). According to Hurrell, the weakness of neo-functionalism stems from its focus on constant role of the institutions instead how regional integration emerges (Hurrell 1995: 60). On the other hand, neo-functionalism with its primary argument of spill over is quite strong in explaining the process of widening and deepening of integration. Once integration had started, according to neo-functionalism, it is being promoted by functional and political types of spill over. Neo-functionalism suggests that once the spill over begun integration would be self – sustaining (Schmitter, 1969). This view generally been criticized as being too reductionist. However, the concept of spill over effect does not explicitly exclude other potential interferers in integration by assuming it is self-sustaining; instead it explains the nature of integration which the roles of all actors involved are influenced. Thus, the spill over is the main path to the final end shaping the behaviours of all actors while defining their interests and priorities. In accordance with the argument of this paper, the spill over effect, the centre assumption of neo-functionalism, regardless of which actors involved in or influenced integration, is still the most prominent phenomenon that explains European integration and its complexity. Consequently, spill over effect explains why European integration has been developed as deep and wide as it is now, thus why Brexit is so difficult and costly.

Although, after the first decades, the focus of theoretical discussion on the European integration shifted from nature of integration to processing of the EU, the Brexit brought existential questions for the integration. First question is whether the Brexit would trigger a disintegration wave, even total disintegration of the EU, or not and the second question is how Brexit or other leaving attempts, if any happens, will operate. In this paper it is attempted to demonstrate that in every possible outcome mentioned previously, neo-functionalism and spill over effect are the most convenient tool to understand and explain, both resistance to disintegration and the process and results of disintegration, if it happens.

In the following section, the uneasy relations of Britain and the EU and how the developments lead Britain to the point of Brexit is discussed. Britain has always been a distinct type of member, by opting out from several fundamental policy areas of the EU and having a long standing opposition against EU in its domestic politics. This exceptional situation may be the answer of the question why it is a Brexit not a Spaxit, Itaxit or Grexit.

Why Brexit?

Britain has always dealt with Euroscepticism in its domestic politics who wanted to keep the European Union at intergovernmental level. In fact, Britain was not among the founding signatories of the European Union. Besides, she preferred to be front-runner of alternative movements while the European Community (EC) of continental Europe had been deepening integration among its members. In 1960, led by Britain, European Free Trade Association (EFTA) had been found. Its members were Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. They agreed on removing duties on industrial goods however a common market in agriculture and a common external tariff were not included in the agreement. It was abundantly

intergovernmental not supranational. The establishment of the European Free Trade Association, two opponent formations emerged in European regionalism; the Inner Six and the Outer Seven. This duality was also represented a theoretical division between supranationalism and intergovernmentalism on the European political scene (Watts, 2008:19-20).

Britain's first application to European Economic Community was in 1961. The main motivation seemed to take advantage of the economic benefits of the European integration. It was a reluctant attempt with large pre-conditions such as privileges for commonwealth and other obligations of Britain. However, de Gaulle's aspiration for a "European" union, rather than "Atlantic" Union made membership of Britain not viable. Until his retirement in 1969, de Gaulle successfully blocked Britain's attempts to join to EEC. Intercalary, in the second half of the 1965, European integration has also complications since de Gaulle refused to go along with majority voting and prohibited ministers of France from attending Council meetings. This phenomenon is well-known as the 'empty chair' crisis (Pinder, 2001:17). European integration and its successes or failures had proceeded largely apart from Britain.

Britain had to wait until 1972 to become a member of European Economic Community. Britain completed membership process under leadership of the Conservative Party led by Edward Heath who was signed the Treaty of Accession. Parliament's European Communities Act was to last step to be full member of the Union. During the 1970's, the Conservative Party continued its Europhile position. However, there were great opposition movements both within the party and from the Labour Party. The oppositions panned out in 1975 and the first national referendum was held in Britain on whether Britain should remain in the European Communities. Despite the Eurosceptic rhetoric led by Harold Wilson's, Labour Party, with the 67.2 percent of votes, Britain said yes to stay in the European Economic Community (Henderson *et al*, 2016:190).

Although the British people made a decision in favour of the Community, Euroscepticism continued after 1975 referendum. In the 1980s, Eurosceptic movements, led by Michael Foot and Tony Benn, became even more prominent. In 1983, the Labour Party promised to leave the European Economic Community without referendum by declaring a well-known manifesto (Dimitrakopoulos, 2015:1). However, the Labour Party was defeated. Margaret Thatcher was re-elected as the leader of Conservative Party. She became the first prime minister who made the debate on the contributions and subsidies between Brussels and London a matter of bargaining. The British claim was that Britain receives much less than its contributions to European Union.

The rapid progress of European integration towards a federal structure under the leadership of Jacques Delors led to new suspicions in Britain. As the European integration deepened, Margaret Thatcher chose a somewhat Eurosceptic policy. Britain stepped out from some integration phases since there were suspicions in British public opinion and political sphere about Britain being governed by Brussels. However, those restraints did not keep out Britain to keep up with the integration in many aspects; even Britain signed and ratified the Single European Act. In 1990, Britain was joined in the European Exchange Rate Mechanism by Margaret Thatcher. However, two years later after this decision Britain withdrew from the Exchange rate mechanism. The main reason for this decision was the huge and sudden value loss of the Pound Sterling (Troitiño, 2010:131).

Despite well-known concerns, John Major signed Maastricht Treaty and Britain handed over the sovereignty to the European Union in many political areas and technical sectors (Dinan, 2014:231). Tony Blair, Europhile Prime Minister, had taken Britain forward more in European integration by signing social chapter and making rough undertakings to join to the Euro-zone (Gracey and James, 2005:1). However, Britain has never joined the Euro-zone. The Lisbon Treaty was also ratified by Britain in 1 December 2009 (Dinan, 2014:307).

The Euro crisis can be regarded as the main event which leads to Brexit. Despite the fact that the Labour Party has a long history for Eurosceptic movements, the Conservative Party had begun to take its position from the 1990s. David Cameron refused the treaty which aimed at solving the problems of budget rules in 2011 and became the first prime minister to veto a European Union treaty. After that he promised to hold a national referendum in order to leave the European Union. Britain has always approached pragmatically to the European integration; however the sceptics never gave up and the opportunity came up with the Brexit referendum. The referendum, known as Brexit, was held in 2016, in which resulted the decision to leave the European Union with 51.9% votes (Walker, 2018:6).

What Makes Brexit Talks Difficult and Complex?

On 29 March 2017, Theresa May activated the 50th article of the Lisbon Treaty which presents a two-year time limit to complete exit negotiations between London and Brussels. So far the talks have been more complicated than expected. It is more likely to reach an agreement that specifies the transition schedule rather than an agreement which is covering all details for an absolute separation. This is because of the spill over effect that requires a long time to reverse. The irreversibly integrated sectors make separation technically difficult and costly. Some issues, such as Northern Ireland's interrelated relations with the UK and the Republic of Ireland, make things even more difficult. Although the future of Northern Ireland seems to be the issue of sovereignty between UK and the EU, the actual subject of debate is determining the regulations and rules in related with non-tariff barriers. The decisive theoretical explanations of neo-functionalism and the practical consequences of spill over effect is manifested themselves in the Northern Ireland issue as well. The soft Brexit and hard Brexit discussions take place at this point. The United Kingdom desires to end the free movement of people to prevent illegal immigration. On the other hand, the free movement of labour is an inseparable part of the Single Market for Brussels. The goods and services of Britain will face non-tariff barriers at border of the EU which is a largest market for Britain's economy (Goodwin, 2016:5). The situation gets even more complicated when it comes to Northern Ireland. There is a certain cost to leave the single market for the United Kingdom. The soft Brexit is the primary choice for both sides to prevent the anticipated recession in Britain's economy. However, the course of talks increases the risk of the hard Brexit which would be costly and unpredictable.

The Department for Environment, Food and Rural Affairs (DEFRA) would be Britain's most affected institutions by Brexit. The responsibilities of the DEFRA are wide-ranging which includes agriculture, fisheries, farming, environment, agro-food industries, trade, science and chemicals (National Audit Office, 2018:5). DEFRA has

started preparations for a possible no-deal Brexit, which means Brexit without agreement, and made very intensive and costly efforts so far. The official budget of DEFRA, which is allocated by the British Government only for deportation procedures, is 320 million £. The number of employees that has been hired by DEFRA to only maintain deportation process is 1307. DEFRA also has to make 151 legal regulations until the end of 2018 for reducing post-Brexit risks (National Audit Office, 2018:4).

DEFRA's scope of authority has always been at the centre of European integration discussion as issues within DEFRA's scope have been difficult to be integrated as well as hard to be dispersed. DEFRA's possible breakdown at Brexit process would create several risks for critical issues such as public health, food security and national economy for Britain. DEFRA prepared plans for 35 of the 43 work streams which have to be completed until April 2018. In addition, 30 streams have been rated red or amber by the EU Exit Project Management Office (National Audit Office, 2018:8-9).

The indicators show that DEFRA cannot reach the final date which was set by Lisbon treaty. This is already a matter of problem, while there is also a need for a series of negotiations with the non-EU member countries. DEFRA has to reach agreements with 154 non-EU countries on over 1400 health certificates. It desires to catch up with 29 March 2018 by negotiating with 15 non-EU countries which covers 90% of Britain's exports (National Audit Office, 2018:10). However, it will not be uncomplicated. This situation is likely to damage the Britain's economy.

Transportation operations are among the most negatively affected issues by Brexit. The Department for Transport (DFT) is an institution that deals with aviation, railways, roads, road-based transport, and maritime (Butcher, 2018:3). Transportation has already become a single market for all the EU members. In fact, The Single Market Policy in transportation is something that Britain had supported during the European Integration. That is why Transportation is well integrated and regulated in European level.

Transportation is a large, profitable and liberalized market which is hard to relinquish. It is possible that leaving the single market of transportation could cause damage for Britain in related with economic, social, environment, even in foreign relations. It can be stated that the Britain has certain priorities in Brexit negotiations regarding transportation operations. Britain requests enduring membership of the European Aviation Safety Agency (EASA) and road haulage permits (Butcher, 2018:8). However, there are problems even in these basic requests. Although the European Council has made decision on the continuation of transportation connectivity between Britain and the EU, the details are still unclear.

The access of the European Common Aviation Area (ECAA) is in the heart of transportation discussions. The ECAA is a single market for Aviation which was established in 2006 to reduce costs and establish clear sky within the EU. In fact, it was enlarged version of Single Aviation Market which was dated back to 1993. An airlines company from Britain can operate in Germany without any restrictions in the same way as German companies by courtesy of the EAAC. The nine freedoms of the air and their security regulations are recognized by the European Aviation Safety Agency (EASA). And, its rights and obligations are enforced by the Court of Justice of the European Union (CJEU) (Transport & Environment, 2017: 6). After the Single Aviation Market and then

ECAA, the intra-EU routes available to consumers have increased by 303% and costs have increased by a third since 1993 (The Institute for Government, 2017:2). The desire of Britain's aviation industry to stay as a part of ECAA is not unexpected.

There are two possibilities for Britain to continue to take advantage of the ECAA. The first option is making an exception for Brexit and stay as a part of the ECAA that is being a member of the ECAA means all current and forthcoming aviation rules and regulations have to be employed completely for Britain. It also means being a part of the CJEU's jurisdiction which is contrary to the basic logic of leaving from the EU. The need for a compromise between Britain and the EU is obvious.

Second option is reaching an agreement such as the Agreement between the European Community and the Swiss Confederation on Air Transport. In November 2016, the UK Government and Airlines UK declared that market access is a top priority for British aviation in this regard. In December 2017, The House of Lords European Union Committee issued a statement and described no-deal Brexit on aviation as grave (Butcher, 2018:17-18). The Brexit talks will not be able to reach an end in the short term on aviation. European Commission has to be authorized to pursue Brexit talks on behalf of member states. Otherwise Britain needs to negotiate this problem with member states separately. The Department for Transport has to issue 100,000 to 7 million International Driving Permits (IDPs) in the first year in case of no-deal Brexit. There are 314 EU exit work streams, however only 18 has been completed. In addition, the Department for Transport has to spend £180 million by March 2022 to complete disintegration (National Audit Office, 2018:4). As it can be observed all major fields of transportation demand costly and busy workload in any scenario of deportation from the European Union.

The consumer protection, competition and state aid, which are under responsibility of the Department for Business, Energy & Industrial Strategy (BEIS) and the Competition and Markets Authority (CMA), are also among the most complicated subjects of Brexit talks. The CMA has to become capable to perform operations on competition enforcement and merger review until March 2019. Also, The BEIS has to be sufficient in vital matters, directly related to the British citizens and national economy of the UK.

The total amount to be spent by two institutions in 2018-19 is £27 million, moreover 288 new staff would be required to be hired (National Audit Office, 2018:4-5). The EU is very inclusive and protective of such matters and Britain has been under a tough workload to regulate and arrange until the deadline of Brexit talks. If there is a no-deal/hard Brexit, a crisis is quite probable in consumer rights and commercial operations in the national market of Britain. The maintenance of the growth trend of Britain's economy depends on BEIS's triumph. It is also clear that the EU is a norm-setting actor in global markets on these subjects. The Britain's achievement of the EU standards would be also a difficult task. Britain has to experience most of aspects from the beginning after the Brexit; hence she encounters a learning curve. The disintegration would be costly, would demand a long-term process and would have several risks.

As a final point, it would be appropriate to examine the border security. The border security has been one of the main bases of the Eurosceptic movements in the UK, just like other populist movements in other member states. The single market allows people, goods, services and capital to move freely across the EU. The curtailment of economic

opportunities in Britain and immigrants has become major problems recently. In fact, this is the European version of the main debate between globalism and nationalism. The wave of nationalism has affected the Europe as well and leaving the EU has gained more supporters among British citizens after 2008 global crisis. However, economic estimates after Brexit, whether soft or hard, indicate shrinking in Britain's economy. The need for regulations on border security also supports that.

According to the HM Revenue and Customs (HMRC), there are 145.000-250.000 traders who need to make customs declarations, 205 million passengers who travel between the EU and the UK will need visa and £40 billion tax and duty has been collected in 2017-2018 on border transactions which shall not be misplaced (National Audit Office, 2018:4). So far, it is for sure that new customs controls, non-tariff barriers and tariffs are going to be employed at the EU-Britain border, which has £423 billion trade volume (National Audit Office, 2018:5). Britain may adopt a trade agreement as she does with non-EU countries to secure international trade.

It is well-known that the main purpose of the European integration had been to end political disputes among European countries, mainly between Germany and France. This purpose has been principally realized. There is also same conciliatory effect of European integration on pro-independent movements across the continent. Accordingly, London has political disputes to be resolved with pro-independent movements, too. The UK has sovereignty dispute with Spain over Gibraltar, there is a pro-independence movement in Scotland, and also Northern Ireland emerged as an issue after the Brexit. The European integration freezes these disputes substantially. During the 2014 Scottish Independence Referendum, concerns about Scotland's EU membership clearly affected the results. In fact, London had signalled that she would veto membership of Scotland. The Brexit revives these disputed issues and there is a need for new solutions.

In 2016, England and Wales voted to leave the EU, while Scotland voted to remain by 62% (McHarg and Mitchell, 2017:513). The reason for this was that the exit from the EU created uncertainty for Scotland. The powers or authorities, delegated to the Scottish government and parliament had been shaped by the approach of multi-level governance which was one of the important aspects of the European integration. The question of how the delegated powers will be executed after Brexit has not been answered yet (McHarg and Mitchell, 2017:518).

The Scotland issue of Brexit related to neo-functionalism and its spill-over effect is predictability. Since Britain's membership of the EU in 1972, EU institutions have been involved in a number of technical issues in Scotland. The agendas and actions of Scottish institutions, including the government, have been largely in line with EU institutions. And, this was a result of European integration, which has been deepening and widening through spill-over effect. The deeper and wider European integration led the Scottish voters to vote in the direction of staying in the European Union. Thus, Scotland has also been quite integrated as a separate part of the UK with EU and remained in the Kingdom as partially since she does not wish losing the status of being a part of the EU. The people of Scotland did not want to deal with these uncertainties and the debate on Scotland's independence between London and Edinburgh began again.

Northern Ireland, such as Scotland, voted to remain as EU member by 55.8%. Northern Ireland is the only part Britain that shares borders with another country.

According to Northern Ireland Life and Times (NILT) survey in 2016, the main concern for the majority of responders was “hard border” between Northern Ireland and Republic of Ireland (Gormley-Heenan *et al*, 2017:1-2). According to technical details, one of the central issues for the Northern Ireland is stability of agricultural sector. Agricultural operations are largely subject to the EU laws and regulations. Northern Ireland’s agricultural lands are also economically and physically attached to the Republic of Ireland (Bell, 2016:2). There are also reservations about the funds and subsidies from Brussels to Northern Irish farmers.

The most optimistic forecasts show that bilateral trade between Britain and the Republic of Ireland will shrink by 20% after Brexit (Barrett *et al*, 2015:6). Although Theresa May promised that there would not be a “hard border” with Republic of Ireland, Northern Ireland’s Democratic Union Party (DUP) and its leader, Arlene Foster, are not convinced, because a hard border could affect not only agricultural sector, also will influence the overall domestic economy of the Northern Ireland substantially.

Another important issue is that, as the connected electricity grid in continental Europe, the electricity grid in the Republic of the Ireland and Northern Ireland is also interconnected, due to the EU’s long-standing energy politics (Barrett *et al*, 2015:7). The exit from the EU in the field of energy may cause problems in Northern Ireland both in the fields of traditional energy and renewable energy. The UK has to invest billions for ensuring energy security of Northern Ireland, which has been already secured until recently, thanks to European integration.

The ending of free movement of people, which is an issue that the UK is insistent, will also affect Northern Ireland substantially. There are 400.000 Republic of Ireland-born people are living across Britain (Barett *et al*, 2015:7). And, London wants to apply visa requirements on these people. The main purpose of this is to prevent and formulate immigrant movements. Even though the EU citizens, who settled before Brexit, are ensured to stay in Britain by London, Britain will lose positive externalities. Free movement of people had positive externalities for Britain’s economy and social life. Free movement of people has always been an integral tool while the integration has been widened and deepened as it is assumed by neo-functionalism and spill over effect.

It would be interesting to observe whether the spill over will move backwards if free movement of people disappeared. The same applies to student exchange programs, common commercial activities, cultural and academic programs. The free movement of people has not affected Britain only economically. The externalities and spill-over effect influence the economic sectors, demographic structure, traditional family structure, bureaucratic/politic structure, economic sectors. This unevenness and complexity cannot be reversed by a single referendum or a short-term disintegration process. Britain has to embark a costly workload and a long-term transition period that has many uncertainties. The status of Gibraltar, historic dispute between the UK and Spain, also needs a new legal framework. Brexit definitely put Gibraltar in a challenging position, she needs to find a place in EU legal regulations, or outside of EU legal regulations, and there is a need for a separate “Gibexit Talks”. In addition, two different international documents, the Treaty of Utrecht and the UN ‘doctrine’ about the decolonization of Gibraltar, have to be taken into account, to reach the final agreement (Valle-Galvez, 2017:1). The Gibraltar issue had been a frozen problem, through European integration, and was an internal dispute of the

EU. Hereafter, it became a dispute between the UK and the EU.

Conclusion

Brexit experience of the EU proves to be a hard issue both for the EU and the UK, but more for the latter. Many scholars suggested that it may open up the way for all sceptics in various member states that wish to leave the EU, thus leading to disintegration. However, in contrary to mainstream arguments it is argued in this study that if leaving the EU, even for a wealthy and strong country like Britain, it is very costly and difficult, then any sceptic hoping to leave the EU has to think twice following the Brexit experience. Neo-functionalism has been applied as the explanatory tool to understand the complex and complicated state of affair. The assumptions of neo-functionalism concerning integration has been reversed and it is argued that neo-functionalism has worked so well that it is very difficult and expensive to solve the ties bounded by it. This study examined the reasons of complexity of leaving Britain from European Union by giving theoretical and historical background and then stood on details. There are some sectors and subjects which make Britain's disintegration challenging and need enormous workload as well as long-term negotiations. The Department for Environment, Food and Rural Affairs (DEFRA, the Department for Transport (Dft), and Department for Business, Energy & Industrial Strategy (BEIS), and the Competition and Markets Authority (CMA) selected as case studies to show the complexity of Brexit Talks and Britain's deportation from the EU in general. They were selected because these institutions are dealing with sectors highly integrated within the EU work and would have many workloads during Brexit. The main reason for this is the neo-functionalism and its resistance. While Britain is attempting to leave the EU, London and Brussels are trying to reach a compromise and apparently spill over effect resists. Neo-functionalism and its spill-over effect have influenced every aspects of European Integration. This study elaborated reasons for this complexity. To conclude, it is not easy to reverse the interdependency created through the years of integration, in other words while Britain struggles to leave the EU, neo-functionalism strikes back.

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