BREXIT: THE PAST, THE PRESENT, AND THE FUTURE

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ABSTRACT

Regional integration is a relatively new concept in the history of the world and its costs and benefits are yet to be fully realized. The formation of the European Union was one of the most significant political events in the twentieth century as it unified the Western hemisphere by creating an interdependent bloc of nations despite them each being unique in their own values, customs, democracies, and economies. For more than thirty years, the European Union has undergone modifications and has added more and more nations until June 23, 2016 when Great Britain chose to leave the bloc. This paper examines what the motivation was for Great Britain to join in the first place and studies why the citizens voted to leave. Additionally, this paper analyzes what form this separation might take and the consequences and benefits to each form. The Brexit is an example of how the world is affected at large by decisions made in only one part of the world and how the twenty-first century will be trademarked by nations trying to maintain their identity while being met by the forces of globalization.
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INTRODUCTION

The European Union is the largest, most fully-integrated, most populous regional trading bloc in the world. With a population of over five hundred million, it is half again as large as the United States. Its annual GDP in 2015 was in excess of sixteen trillion dollars, putting it on par with America's, and bigger than China’s. Within the EU, goods, services, people, and capital freely move between nations, resulting in a dynamic, integrated market that bears a remarkable resemblance to our own market in the United States. Trade in goods and services within Europe is so well-established, in fact, it has rendered war nearly unthinkable, since countries are generally loath to seek the elimination of their most important trading partners. As a consequence of this EU-created, barrier-free internal market, the sort of internecine conflict that bruised, battered, and nearly destroyed Europe in the 20th Century, has been vanquished in the 21st.

Yet, the voters of Great Britain have decided that they no longer wish to be a part of the EU enterprise.

In April 2012, sixty-seven percent of people answered that Great Britain would be better off staying in the EU during a survey conducted on UK public opinion. How then, in less than four years, had this opinion shifted so drastically bringing us the results of the June 23, 2016 referendum in which the citizens of the United Kingdom voted to no longer remain a member of the European Union? The referendum results fell in favor of the Leave party and thus Great Britain has welcomed a few years of repositioning themselves in Europe and throughout the world. Theresa May, the newly elected Prime Minister, has firmly pronounced that “leave means leave” and negotiations to navigate Great Britain out of the regional trading bloc are underway. With the Prime Minister’s plans to honor the British people’s vote, there are three fundamental
questions that are raised. The following research addresses these three questions. First, why did Great Britain join the EU in the first place? Second, why is Great Britain leaving now? Finally, now that Great Britain is leaving the EU, what form will this severance take?

Note: The EEC, Common Market, and EU are all used interchangeably throughout according to what each was called at the respective period in time.
LITERATURE REVIEW

In order to understand why Great Britain seeks severance it is important to recognize why they joined the European Union in the first place. Over the course of the paper it will likely be discovered that joining the EU has definite costs but corresponding benefits. To understand why Great Britain wanted to join originally, it is paramount to understand why the entity was formed in the first place.

The Past

As one of the founding fathers of the European Union, Jean Monnet, once said “The crises are the great federators” (Laquer). After World War Two, Europe at large was a continent seeking both refuge and hope. In a time of desperation and great need, history offered the solution to join together. If nations are dependent on one another, each will take care to see that the other succeeds and would work to sustain peaceful relationships, as what would hurt one nation would in turn hurt one’s very own nation. While Germany had been the source of much destruction, communism was spreading like wildfire through Russia which in turn made its way to Eastern Europe. The threat of Eastern Europe was prevalent as Stalin was looking to gain even more power and more control over territory in Europe. Ironically, Stalin’s desire to control Europe gave European nations the initial push to become the liberal and integrated union that it is today. Post war it can be said that “fear of Russia was probably the single most important cause for generating greater willingness in Europe to cooperate, but it was not, of course, the only such factor. Another was the need to integrate West Germany into the European community, so as to make war unthinkable, to prevent a recurrence of the horrible events of the 1930s and ‘40s.” (Laquer). Following the end of World War Two, Great Britain and Western
Europe saw an opportunity to make an alliance with Germany in their weakened state, realizing that banding together and creating dependency would help reduce the risk for further conflict.

At first, Great Britain was reluctant to join. Though, interestingly enough, it was Winston Churchill who called for Europe to form a similar united political and economic entity to that of the United States all the way back in 1948. The first of these entities to be developed was the European Coal and Steel Community (ECSC) which included France, Italy, Belgium, the Netherlands, and Germany and created a limited form of supranational government. The community lowered trade barriers on coal and steel and caused economic integration in these industries. This community would have its own executive, legislature, and court. And while just two years’ prior, Churchill called for a form of unity throughout Western Europe, the United Kingdom rejected the invitation to join the ECSC for fear of losing too much national sovereignty (Wallace). Once more, after the relative success of the ECSC, a similar union was formed between six countries for atomic energy, none of which were the UK.

Realizing there is some need for economic strengthening on their part, the UK sought to create a rival alliance, one that did not require the UK to lose substantial portions of its sovereignty. And in 1960, these negotiations were finally brought to fruition in the form of the European Free Trade Area (EFTA). There were a few reasons why the idea of a free trade area seemed more appealing than a common market. In a free trade area, countries commit to removing barriers to the free flow of goods and services between each other but maintain independent external trade policies with other countries. A free trade area is far less integrative than a common market, which involves the agreement of member nations to remove all barriers to the free flow of goods, services, and factors of production between each other and the pursuit of a common external trade policy (Hill). The creation of a free trade area such as the European
Free Trade Area at first seemed appealing because it was less involved and did not involve the creation of a supranational state that would have threatened Great Britain’s sovereignty. Even so, as time progressed, the EFTA offered less in the eyes of Great Britain than the opportunity to be bound more tightly to the rest of Western Europe via the EU. A discussion about Britain joining the European Economic Community (EEC) in 1971 allows insight into what the thought process was of several key decision makers and influencers. France and Great Britain did not always have the strongest and most understanding relationship, as French President de Gaulle rejected the accession request twice before his death. Lord Gladwyn, a former ambassador to France at the time of the discussion, noted that “a great deal of the opposition to the Common Market in this country derives from what is almost a moral issue: Britain is still something different from those horrible continentals with their dark hair. They fear it’s somehow going to limit our sovereignty, perhaps imperil the position of the Queen and certainly that of Parliament.” (Lee).

This conversation, however, highlights the complexities that surrounded Great Britain’s decision to create a more established relationship with the rest of Europe. When asked about the British citizens’ attitudes, Lord Gladwyn noted “He (Douglas Jay Labor Member of Parliament) grotesquely exaggerates the alleged unfavorable effects of our entry into the Common Market. It would depend very largely on the formula arrived at; nobody disputes that.” Lord Gladwyn’s statement parallels the same issues surrounding the way people’s attitudes have evolved towards the results of the referendum. The key lies in the formula arrived at.

By 1973, after several years of negotiations, deadlocks, and disagreements, the UK and five other countries joined France and other Western European nations in the EU. The elements of membership included accepting the fact that Britain “would have to shut off traditional preferences and replace them with preferences for its EEC partners.” (Lubitz) Additionally, the
formula would involve accepting higher agricultural prices and would push them into the eventual stages of a strong impetus towards a unified monetary system later on in the future. Great Britain would be conceding to a certain loss of independence with regards to decision making. “The Common Market, requiring eventual free movement of capital (as well as of labor) would force [the pound] sterling to give up any pretensions of a unique role with financial ties outside the Community.” (Lubitz) With issues such as these, it begs the question of why then Great Britain sought membership to the European Community to begin with. Alternatives to the Common Market existed but were not as favorable as the author notes in the Political Quarterly; “The second possibility was the European Free Trade Association (EFTA), but EFTA did not have the same capacity for economic growth as the European Community. In any case, a large number of the EFTA countries were also potential candidates to join the European Community, and Britain’s trade with those countries was not all that it might have been.” (Wall) Therefore with a contradictory reluctant determination, the British joined the Common Market on January 1, 1973 in hopes of not missing out on the opportunity to achieve economic gain in areas not yet tapped.

While a great deal of history and adaptation occurred from 1973 and beyond, it is valuable to note the more recent history. In 2004, there was focus on Eastern enlargement of the EU with strong support of the United Kingdom under the direction of Prime Minister Tony Blair of the Labour Party (Wallace). The UK was in favor of widening to prevent deepening, which they hoped would mean less ability to have centralized power the more countries that joined. By expanding and including a wide range of nations, the UK hoped that would create more surface level policies and connections rather than a deep integration of fewer nations that would jeopardize their national sovereignty. Shortly after there was increased growth, there was the
need for the increase in centralized standards and new reform. The Treaty of Lisbon was an amending treaty built of changes to existing treaties for the European Union and the treaty for European Community that merged the two together allowing it to be known solely as the European Union (Sieberson). These changes and the discussion and approval of the amendments to the Treaty of Lisbon occurred right on the cusp of the great economic crises in Europe, igniting the flame for two varying ideas of the direction of Europe with regards to the degree of unity (Smyth). The treaty of Lisbon essentially simplified the years of additions and complexities while adding a few amendments in an attempt to heal what became known as the “democratic deficit” (Sieberson). This deficit refers to the lack of understanding as to what the purpose, structure, and benefits are in regards to the European Union as well as the fact that there lacks direct election and control over those in power in Brussels. However, what is most interesting is that in this treaty that was an attempt to unify the member nations of the EU, it provided an amendment that would allow for the separation of a nation should it so choose.

The Present

Article 50 allows for a nation to withdraw their membership with the union. Unfortunately, while the treaty began to mend the democratic deficit, a monetary deficit began to creep into global economies. The Eurozone combined with nations facing serious debt including Greece and Italy propelled the EU into action insofar as discussing what their responsibilities were to aid the countries to talking of possible restructuring altogether. Though still as recent as June 2010, the UK public opinion on the European Union found that 29% thought the membership was “a good thing” and 33% “a bad thing”, leaving the majority (38%) neutral on the matter. Additionally, in 2012, only 33% of people voted that Britain would be better off leaving the EU (Wallace).
These findings raise the question as to why then, on June 23rd, 2016 the UK voted in favor of leaving the European Union. Leading up to the referendum were the arguments of both the Remain campaign and the Leave party. The Remain campaign was spearheaded by several Members of Parliament including Prime Minister David Cameron, with outside endorsements from other nations, including President Obama. The campaign was also referred to as “Stronger In” with arguments centered on preventing the threat of a weaker economy, risk of recession, and the possibility of the UK losing its place as being an effective and powerful voice in the world (StrongerIn). The Remain campaign was associated with the Labour party and was favored to reign supreme in the outcome of the referendum according to polls early on (Pollster). The Leave campaign operated under the slogan “Take Back Control”. This slogan implied that Great Britain’s reduced decision making power as a result of their membership in the EU is what has left them in unfavorable situations. Arguments for the Leave party included freeing up more funds to put towards National Healthcare System (NHS), border and immigration control, and independence to create their own laws. The Leave party was associated with the Conservative party with leaders including former Mayor of London Boris Johnson and newly elected Prime Minister Theresa May. The Leave campaign had fewer members of parliament holding this position than the Remain position yet still was able to create a team that the country deemed capable and farsighted.

And though the two parties painted deeply contrasting pictures for the United Kingdom’s future in many aspects, there were three issues that garnered the most emphasis. The issues were immigration policy, national healthcare, and the European Union or national sovereignty (ISPOS). Immigration of both European and non-European citizens has been a large concern for citizens all over Europe. Member nations of the European Union, due to their high level of
integration, abide by the principle that there is “the free movement of people, capital, good and services”. (Toshokov) This free movement of people is sometimes perceived negatively by those who feel resources they are entitled to have been given to those less entitled and who feel left behind by the system. A study showed the theory and perception of immigrants taking from the pool of limited resource is sometimes more powerful than the actual numbers. “Theoretically, the local presence of immigrants can easily magnify the anti-immigration hostility of the local population. The arrival of large groups of immigrants puts pressure on and increases competition for public services in the area, such as (social) housing, utilities, parking spaces, etc. It might lead to housing segregation, with those locals who can afford it leaving the immigrant-targeted areas. The presences of immigrants might also be feared to increase crime and petty nuisances in the neighbourhoods. Putnam (2007) for example shows that inter-personal trust declines with the ethnic heterogeneity of American neighbourhoods.” (Toshkov) With increased movement of people, tension for those who take advantage of government resources becomes greater and the threat of being left behind grows more imminent. The Remain party’s official website indicates the sentiment towards immigrants and shows that clearly many see it as a negative consequence of being a union member. The website makes the statement “In a world with so many new threats, it’s safer to control our own borders and decide for ourselves who can come into this country, not be overruled by EU judges”. (VoteLeave) While this claim is not entirely incorrect, there is a strong emotional appeal being made to the basic human need of safety and protection. Additionally, the website made the claim that “Immigration will continue to be out of control” indicating that many believe it is already out of control not simply a concern about future growth. “Nearly 2 million people came to the UK from the EU over the last ten years. Imagine what it will be like in future decades when new, poorer countries join.” The campaign pushed
voters to see beyond right now and see that the Union was a source of strife, not a unique opportunity to stimulate a free market of thought and economic growth. A survey shows that 81% of those who voted to Leave the EU saw multiculturalism as a force for ill. Conversely, 71% of those who voted to Remain in the EU saw multiculturalism as a force for good. Similar numbers also exist with regards to immigration as a force for ill and a force for good. Eighty percent of those who voted in favor of leaving saw immigration as a force for ill and 79% of Remain voters saw immigration as a force for good (Achcroft).

The argument for the lack of resources being left due to immigration is closely related to the topic of healthcare and overall economic prosperity. The first item noted on the page “Why Vote Leave” on the Leave party’s official site, is “We will be able to save 350 million pounds a week – We can spend our money on our priorities like the NHS (National Healthcare System), schools, and housing.” In the eyes of the Leave party, not only is the European Union being sent money but is also sending people who take money in the form of taking jobs and using limited resources. The New York Times interviewed citizens expressing their concerns, one saying with regards to British leaders, “They’re just letting all the foreigners in, and there is nothing left in the system for us.” The Leave party leveraged the idea that immigration was the root cause for economic challenges and that to limit the source, the rest of the economy would follow suit and fix itself.

The Remain campaign argued quite the opposite with hard figures and predictive measures to hopefully appease those who were wary of the direction the economy would head. The Remain party noted “leaving the EU would damage our economy and would force government spending cuts of 40 billion pounds, meaning less money for the NHS (Source: The Institute for Fiscal Studies) and longer waiting times for operations, GP appointments and A&E
treatment.” And though these numbers were not inaccurate, they failed to sway the overall vote. The Remain campaign, though all relatively accurate in their claims, failed to spend enough time speaking and highlighting how the economy is stimulated and thriving currently. Instead, the campaign took a more defensive approach attacking the Leave side with economic scenarios that could happen should the UK leave. This proved not enough as the defensive side did not empower the people but rather told them how they might become powerless. Several sites noted the power of this theory saying “Almost all economists agree that the EU has been good to Britain. But the sixty-two-hundred-a-year [average cost per household of Brexit] figure was so large, and so specific that many people didn’t believe it. Speaking to the BBC on Friday morning, Steve Hilton, a former political adviser to Cameron, conceded that the negative campaign, which was dubbed Project Fear, had backfired. Rather than winning people over, it alienated many voters who had legitimate concerns about the EU. “People have expressed real anger at being ignored by the system, and I think this is at the heart of what happened,” Hilton said (Cassidy). This is reflected through the fact that “For remain voters, the single most important reason for their decision was that “the risks of voting to leave the EU looked too great when it came to things like the economy, jobs, and prices” (Ashcroft). Meanwhile, the state of the economy was not ranked in the top three biggest reasons for leaving. The top three reasons why Leave voters voted to leave were “the principle that decisions about the UK should be taken in the UK,” “voting to leave offered the best chance for the UK to regain control over immigration and its own borders,” and “remaining meant little or no choice about how the EU expanded its membership or powers” (Ashcroft). Voter demographics also reveal that 53% of full-time and part-time workers voted to remain whereas 60% of unemployed citizens voted to
leave. This could be due to the perceived notion that leaving the EU would give back jobs lost as a result of free movement of workers.

Both campaigns with the slogans “Stronger In” and “Take back control” put the argument of national sovereignty at the heart. Those who voted to remain had concerns of being isolated whereas those who voted to leave felt it was important that “decisions about the UK should be taken in the UK” (Ashcroft). This nationalism sentiment stems from a long period of increased globalization and increasing immigration. This caused citizens to seek independence and take back what they feel was unjustly taken away from them or has not been given to them. “At the root of the conundrum faced by the British and European negotiators is a struggle between a national political system anchored in parliamentary supremacy, and a supra-national technocracy in Brussels that requires pooling of national sovereignty in order to achieve a European federal union” (Gillingham). Additionally, due to the newness of the UK joining the European Union (1973), many older voters remember the time before this high degree of integration and sought to return to times when national sovereignty was made a priority. Those aging 55 years old and older had the highest percentage of voters wishing to leave contrasting the youngest voter’s low percentage of only 27% voting to leave (Ashcroft). As one older voter noted, “There’s a general feeling of being part of a community, and the history, the past wars, is something we don’t want anymore” (Chan).

Many voting to leave saw the lack of complete independence with regards to legislation as an issue of democracy. The leave campaign pressed hard to show that making their own laws gave the people greater power. The official website claims “We can make our own laws; Our laws should be made by people we can elect and kick out – that’s more democratic” (VoteLeave). The leave campaign stirred feelings of patriotism and nationalism sending tweets
such as “Today’s referendum is about democracy. If you cherish it and it matters to you at all, then please #VoteLeave and #TakeBackControl.” The sentence alone implies to voters that by voting to remain one does not cherish democracy at all. Once more, the counter argument made by the Stronger In campaign focused on the risks that would come from being independent resonating very little with those who already saw the EU as a broken entity.

In the end, the people made their voice heard and the Remain campaign’s defeat prompted David Cameron’s resignation. Fifty-two percent of voters cast their ballots in favor of severance from the European Union, but now what? Theresa May has begun discussions with her advisers that will take several months before any final negotiation strategy is reached. Though she made a statement outlining the types of negotiations the UK seeks, very few will be set in stone for a while. Going forward, it is imperative to analyze the ramifications that could result from each aspect of Theresa May’s vision for Great Britain.

The Future

On January 17, 2017, Theresa May made it known publicly that the UK’s plan involves three key components – being fairer, stronger, and truly global. Upon addressing the rest of Europe, May made it clear that the UK will not attempt to be “half-in, half-out”. Understanding that Britain seeks a deal in which they will be an entirely independent entity from the rest of the European Union is crucial as it will push Great Britain into uncharted waters and force May to charge ahead creating strong relationships with new countries while preserving already tethered relationships with the EU members. In the eyes of the UK, there are twelve objectives that will need to be negotiated as they remove themselves from the inherited privileges and consequences of their current membership. These twelve objectives will add up in order to create what Britain hopes to be a “truly global Britain” (May). The twelve objectives are: Certainty, Control of our
own laws, Strengthen the Union, Maintain the Common Travel Area with Ireland, Control of Immigration, Rights for EU nationals in Britain, and British nationals in the EU, Protect workers’ rights, Free trade with European markets, New trade agreements with other countries, The best place for science and innovation, Co-operation in the fight against crime and terrorism, and finally, a smooth, orderly Brexit (May). In order to be successful, it is important to remember and understand the reason behind the referendum. Great Britain is a nation that equally values both internationalism and nationalism which makes knowing the best way to striking a balance between the two, ambiguous and challenging. The UK is a nationalist nation in the sense of the desire to control many of their laws and borders and cherish sovereignty yet internationalist in that they recognize the value of open borders and strong relationships with other nations.

Though May’s briefing on January 17th was made without any commentary or agreement from the EU, it can be used as a tool for analyzing the ramifications that could result if the agreements end up taking the same or a similar shape. Through certainty and control of its own laws, May hopes to create a stronger Britain. One of the biggest reasons citizens cited for voting to leave the European Union was to take back control of laws decided in Brussels. Therefore, as the people intended, a Brexit will most likely bring back in-house law creation and jurisdiction. The manner in which the current legislation regarding the EU and individual member nation’s functions is of similar form to that of the United States. While each member nation creates its own laws that directly affect its own people, there is a degree of lawmaking and jurisdiction that occurs in Brussels on behalf of the entity as a whole. After the case of Van Gen den Loos v. Netherland Tariff Commission in 1963, it was declared that directly effective EU law trumps inconsistent national law. In the event that a law created for the EU as a whole is inconsistent
with a law of one of the member nations or is opposing to that of one’s constitution, the nation is obligated to “dis-apply” such national law (Van Gen). As a member of the European Union it was established that regulations and directives would function as such. Regulations will have general application and “It shall be binding in its entirety and directly applicable in all Member States” (Van Gen). Should a regulation be created in Brussels, the effects would be immediate and implemented in all member nations. Directives function with the same necessity of binding to each member nation but allow the national authorities to create their own form and method of carrying out such actions and direction. Essentially, the power of the court of the European Union insofar as the cases relate to the relations between occurrences of member nations relations, is greater than that of the individual member nations. This is important because there have been cases in the past in which the EU has created laws in which the desires of Great Britain have been in opposition to that of the rulings in Brussels.

The desire to take back control of jurisdiction was a driving factor in the referendum result. May declared that without reclaiming the ability to be free from obligation to EU law, there could be no real independence. “Leaving the European Union will mean that our laws will be made in Westminster, Edinburgh, Cardiff and Belfast. And those laws will be interpreted by judges not in Luxembourg but in courts across this country. Because we will not have truly left the European Union if we are not in control of our own laws” (May). With the power to create and enforce laws entirely on their own, Great Britain hopes it will be able to create a stronger nation and emerge as the type of nation is wants to be especially with regards to its relationship with non-European Union members. Two other objectives are seen as crucial for May under her idea of a stronger Britain. In addition to controlling their own laws, they will seek to strengthen the four nations of the United Kingdom and maintain the Common Travel Area with Ireland.
Next, the Prime Minister outlines what changes the UK seeks to generate in order to create what she deems is a “fairer Britain”. This objective involves the other key issue in the referendum, which is that of immigration. One of the greatest hesitations originally involved that of Great Britain exchanging the allowance for free movement of people for the free movement of their goods. More than two million UK citizens have benefitted from this and live in nations throughout the European Union; likewise, more than one million European Union citizens have taken residence in Great Britain. Since the turn of the twenty-first century there has been an increasing effort to minimize the possibility for outside terror threats and there is the idea that this can be controlled if a nation keeps close watch on those entering and exiting. Not only is the issue of who comes in important to the UK but also the amount of people entering the country. May expresses that although there are many benefits to be gained from the ability to have free movement of people, costs have put a strain on Great Britain and a “fairer Britain” must be rebuilt. “Because while controlled immigration can bring great benefits – filling skill shortages, delivering public services, making British businesses the world-beaters they often are – when the numbers get too high, public support for the system falters” (May).

Under the objective of a fairer Britain, there is the desire to guarantee the rights of EU citizens living in Britain and British citizens living in the EU to be protected, as soon as possible. May believes this is something that should not need much negotiating as it is fair for both the EU and Great Britain and will settle many worries for this group of around four million people. Finally, in order for Britain to become a “fairer” nation, it will be of the utmost importance to protect workers’ rights. This is going to be a crucial point that is tied in closely with the desire and need to bring judicial authority back within domestic control. There are certain workers’ rights that are protected under domestic law and by European legislation and thus ensuring these
rights will mean reevaluating the laws currently to create a fairer Britain for workers as the labor market changes. May stated “As we translate the body of European law into our domestic regulations, we will ensure that workers rights are fully protected and maintained” (May).

Curiously, Great Britain believes that in breaking off from a union of twenty-seven other nations, they will be able to build a “truly global Britain”. Many voters originally feared that in separating from the global entity that is the EU, they would risk isolating themselves from the rest of the world and would jeopardize their deeply internationally dependent economy. Indeed, immediately proceeding the referendum outcome, the economy took a hit as the pound fell against the US dollar to the lowest it had been in thirty years (Douglas). Consumer confidence has been volatile since the results. Corporations and banks headquartered in London have spoken of the possible necessity to move to the EU, implying that negotiations regarding trade policies is one of the main priorities that needs to be resolved. (Douglas). Among the objectives to achieve the truly global Britain is a strong commitment to free trade. “That starts with our close friends and neighbours in Europe. So as a priority, we will pursue a bold and ambitious free trade agreement with the European Union” (May). Perhaps what follows in the Prime Minister’s outline for Great Britain is the driver behind many of the issues and reasons for leaving in the first place. Based on voter data, there is evidence that two of the most prominent issues were that of the desire to enjoy the benefits of free movement of goods, services, and capital but not of people (Ashcroft). Due to the fact that every nation of the EU does have to agree to the terms of accepting free flow of goods, services, capital, and people, Great Britain would have a difficult time negotiating only what they wish and incurring very little burden. The free movement of these four factors is known as the single market. In May’s outline and speech on January 17, 2017 she declared that there would be no attempt to remain in the single market and therefore the
Brexit negotiations have been referred to as a “hard” Brexit rather than a “soft” Brexit. “But I want to be clear. What I am proposing cannot mean membership of the single market” (May).

The vision of a truly global Britain is one in which the leadership creates stronger allies throughout the world while continuing to have strong partnerships and relationships with their fellow European countries. In fact, May and other leaders spearheading the negotiations believe that without leaving the single market there can be no true “Brexit.” “European leaders have said many times that membership means accepting the ‘4 freedoms’ of goods, capital, services and people. And being out of the EU but a member of the single market would mean complying with the EU’s rules and regulations that implement those freedoms, without having a vote on what those rules and regulations are. It would mean accepting a role for the European Court of Justice that would see it still having direct legal authority in our country…It would to all intents and purposes mean not leaving the EU at all” (May).

With the strong declaration that the four freedoms are indivisible, the EU must be careful going forward so as not to punish the United Kingdom for seeking independence. Given that the rest of Europe engages in a lot of business with one of the most powerful leading nations, it would be wise to not make an enemy of Great Britain. In working to negotiate the best outcome, it will be beneficial to both sides to see the success of each other. May and others have warned against a deal in which Great Britain is made severely worse off due to their position as being a global economic and nuclear powerhouse. The negotiations will need to allow the EU to maintain viability and prosperity while simultaneously encouraging the continued success of a nation that is a global leader throughout the world.

Now that a general structure for what Great Britain wants to see happen as they leave the European Union has been outlined, it is imperative that one understands the ramifications of
these changes. It is important to note that this is a one sided account of the shape of Brexit and the negotiations that occur in the following two years will likely vary to a certain degree. Nevertheless, Great Britain has provided a framework that can be used to analyze what future changes Europe and the rest of the world will undergo.

To build a “stronger” Britain, May seeks to negotiate control of laws and jurisdiction strengthening the four nations of the United Kingdom, and maintaining the common travel area with Ireland. It was important to address the idea of a stronger Britain that includes Northern Ireland, Scotland, and Wales. To lose bordering countries that unite the United Kingdom would mean risk of serious economic isolation. May will need to include Scotland, Northern Ireland, and Wales in the negotiations or run the risk of pressure of secession from these nations. This pressure exists due to the fact that the majority of Northern Ireland and Scotland voted to remain in the bloc (BBC, Polls).

“Sturgeon (Scottish Prime Minister) qualified Brexit as “democratically unacceptable” for Scotland, and has promised a second referendum within the next five years. Once out of the United Kingdom, Scottish diplomats could freely negotiate accession into the EU or the EEA. Scottish secession would devastate the British economy” (Heltzmann). This devastation could occur for a number of reasons including that of the possibility that closed off borders might potentially lead to decreased Gross Value Added, a decrease in Scottish – UK trade, and less funding for areas such as education and research. With less funding available to universities and research, long term economic effects will be felt in the form of slower industry growth due to lack of innovation and less money flowing into the British economy through foreign student spending. If the other nations of the UK decided to hold their own secession referendums, Britain would be put in a tough position navigating severance from the EU and potentially their very
own partner nations. This would not only put their economy at risk but their political strength and position as a major world leader. If every surrounding nation shows less support to Britain, they will have a hard time entering into strong trade agreements and future alliances with non-European countries. Though this issue was not discussed much initially with regards to the outcome, May has since emphasized the importance of creating a stronger Britain and sought to ensure losing Northern Ireland and Scotland does not come to fruition first and foremost.

It is only with this unity that May can continue to build this idea of a stronger Britain. The desire to create a stronger Britain through regaining control of laws and jurisdiction from Brussels solely to Great Britain is two sided. In one sense, the sovereignty and control over its own laws will give Britain a newfound strength due to the ability to create the policies and implement laws that it deems most effective and necessary for its own people. On the other hand, with reclaiming sovereign lawmaking, Great Britain will lose its seat at the table in Brussels, allowing the laws of important neighbors to be made without any of their input. This could have effects on the way business is conducted throughout the UK, as well as what opportunities are made available to the citizens of the UK. If Great Britain holds all judicial power for its people, it is stronger as a nation on an individual level but may risk its fortitude with regards to its place in the world at large.

It is challenging to be a relatively sovereign nation while also being extremely economically powerful. Great Britain especially has struggled with this since 1973. This poses the question of whether or not May will be able to successfully create a “stronger” and “truly global” Britain at the same time. While it is smart to pursue new trade outlets with non-EU members, business could suffer greatly in Great Britain for a number of reasons. Additionally, Great Britain will need to evaluate the degree of importance each aspect of the negotiations
whether that be economic issues, legislation, immigration, or other matters. This leaves the question then of what economic arrangement would be able to satisfy both the desire to restrict immigration but allow for open flow of goods, services, and capital.

As May mentioned, Great Britain will not seek to remain a member of the single market, and there have been a multitude of other possibilities that have been discussed. Each of these options presents its own challenges, as they are not entirely satisfying in the building of a stronger and truly global Britain. In the beginning stages of Brexit, many experts spoke of the possibility of Britain pursuing agreements such as the European Economic Area (EEA) or Free Trade Agreement, but May has since then expressed that seeking such an arrangement is not in alignment with her vision for the new Britain. The Prime Minister specifically stated Great Britain does not seek to simply join already existing arrangements or in other words “Not partial membership of the European Union, associate membership of the European Union, or anything that leaves us half in, half out.” Joining an existing arrangement such as the EEA would put Great Britain in a position where their economic power would be less uncertain but they would be unable to achieve what was outlined as a “stronger” Britain. Depending on the negotiations, however, the United Kingdom’s economy has the potential to prosper or suffer.

Though there has been much debate over what the exact consequences and benefits will be to Great Britain seeking severance from the single market, it is likely that the more trade barriers that exist, the more the economy will suffer. The Bank of England has shifted its view of the effects Brexit and has predicted 2% growth this year (2017) instead of their August 2016 prediction of only 0.8% (Douglas). However, the Bank of England expects that looser trade ties with the EU will eventually hurt growth in the long run due to reduced trade and investment. Many firms with headquarters in the United Kingdom fear the type of trade deals that will be
formed with the EU and London has sought to appease these fears claiming to attempt the smoothest arrangement possible. Nevertheless, businesses are wary and have spoken of moving their headquarters to other nations in the EU in order to benefit from tax exemptions and fewer trade barriers. Great Britain risks not only being hurt by less free trade with their partners but less domestic industry growth and unemployment rates increasing by large headquarters relocating (Heltzmann). On the other hand, depending on the type of arrangement, the economy could flourish as a result of new trade deals with other countries such as China or Australia and less red tape (Norman). Though the Prime Minister has outlined a plan that does not involve the UK remaining a member of the single market, she has noted that creating an agreement that allows for as free as possible economic barriers to exist between the EU and UK. Should the UK be able to negotiate relatively few trade barriers with Europe it is likely that there would be less severe economic consequences both in the short run and in years to come. Brexit could result in an economic boom or economic recession depending on the willingness for both sides to make tradeoffs.

One reason for the complexity of the economic negotiations is due to the desire to limit and control the free movement of people coming into the country. With the free movement of labor, capital, goods, and people, the citizens of the UK who voted in favor of the Brexit hope to limit this unrestricted migration in order to create what they believe to be a safer and fairer Britain. One of the main components with regards to the Brexit and immigration is the status of the four million citizens that are either British citizens living in the EU or EU citizens living in Great Britain. Wanting to respect both sides, the UK and the EU will need to be careful not to punish these citizens even as they seek to establish a new precedent going forward. Controlling their own immigration policy can be a benefit to the UK as it could allow them to limit the
number of people coming into the country. By limiting the amount of people entering the UK, the hope would be that citizens would benefit through having more resources available as well as a lower unemployment rate. Additionally, Great Britain hopes that by tightening borders, they can take back control and reduce the risk of outside threats. On the other hand, by limiting the number of immigrants and people entering, Great Britain could risk isolating themselves and losing very talented human capital. Industries that rely on global customers could experience a hit. Additionally, there could be a slow in innovation and research due to fewer foreign students seeking to enter the UK coupled with higher and more rigorous standards to be met.

Nevertheless, one of the main reasons the UK seeks independence is in order to have control the makeup of the country. Therefore, May will work to settle for nothing less than a reformed immigration policy that no longer involves EU oversight.

Prime Minister May’s outline for the new Britain is a portrait of the ideal situation for Great Britain, but cannot necessarily be a reality with regards to what the EU terms are. Therefore, with that notion, it is likely that Great Britain will leave the severance negotiations with three general forms.

The first proposition involves a negotiation centered on building a “truly global Britain” or one that prioritizes economic strength and strong economic relations with the EU and other nations. Though May originally dismissed any such arrangements, claiming that they will not seek to remain in the single market, she also spoke of the importance of creating a strong and frictionless economic policy with the EU. If it turns out that economic strength and good trade relations with the EU are of increasing importance, and the EU cooperates very little in the negotiations then what May once dismissed as options, could potentially be an outcome of the Brexit. These include joining the European Economic Area (EEA), a Free-Trade Agreement
(FTA), Swiss style bilateral accords, or a Turkish-style Customs Union (Heltzmann). The EEA would allow for free movement of goods, services, capital, and people but would not bind the UK to EU legislation on employment, environmental and social policy and competition. Additionally, as a member of the EEA, the UK could pursue trade deals with third party countries. It is likely that becoming a part of the EEA would not put the economy at as much risk and would incentivize UK headquartered corporations to remain in the UK. Though in the process of opting for a relatively risk free economic negotiation, the UK would give up the right to control their borders and certain judicial power; something they strongly desire to control.

The Swiss style bilateral accord is essentially negotiations of a multitude of policy aspects including the economy, trade, immigration, business, and scientific research. A bilateral approach would mean negotiating each of these aspects and more as needed in order to reach a practical and fair outcome for both parties. This arrangement has worked well for the Swiss economy but is once more centered on compromise – something May has spoken little of. A Turkish-style customs union is another type of agreement that could be reached if Great Britain decides to forgo risking economic isolation from the EU. In this situation, there could most likely be free travel of goods between the EU and Great Britain without customs restrictions or tariffs. Great Britain would however be subject to a common external tariffs on non-EU products, as well as forfeiting power over foreign relations. This Turkish-style customs union would most likely face strong opposition from avid Brexit supporters, as it would deny them the national sovereignty they so crave. This national sovereignty would be forfeited in this arrangement as Great Britain would still not have the ability to make their own external trade agreements and they would still have merely marginal influence over trade within Europe.
Once more, with each of these arrangements Great Britain would be sacrificing one aspect in exchange for what would hopefully be the guarantee of a stronger and less risk oriented economy. One more possible outcome that has been proposed is the Free Trade Agreement (FTA) Approach. In this approach, trade barriers are lower but Great Britain would still face the challenge of having fewer trade partners beyond the EU (Heltzmann). In fact, very little would change overall and thus the sentiments of those in favor of Brexit would hardly be reconciled. Proposition one, therefore, is one in which the UK seeks to protect their economic fortitude first and foremost and structures an arrangement similar to already existing agreements.

Proposition two is the shape that Brexit could take if Great Britain decides to prioritize national sovereignty above all other issues. In May’s vision for the new Great Britain, there is an emphasis on the importance of taking back control of judicial power and nation borders. An obstacle in gaining this control and independence would likely mean that they would be placed in a position to compromise elements of economic policies and trade deals with the EU. The tension surrounding Great Britain’s demands for the new and independent United Kingdom is due to the fact that the nation seeks to reap the benefits of free goods, services, and capital without having to subject themselves to the lack of control of certain judicial power and free movement of people in and out of the nation. If the EU takes a firm stance against creating a frictionless and low barrier trade policy with Great Britain yet Great Britain refuses as well to give in to relinquishing this desired sovereignty, there is a chance the economy could be neglected. Economists noted that one of the main negative Brexit affects would be “loss of access to the single market” (Czech). Increased national sovereignty would most likely have to stand in place of unrestricted trade. “It is unclear what sort of preferential trade access EU leaders and officials would agree to give the UK. Eager to discourage anti-EU movements across
Europe, they have said there is no appetite for giving the UK a better deal than existing membership” (Winning). Therefore, under proposition two, Brexit could look like an independent nation with an entirely separate judicial system and independent immigration laws, facing trade barriers and restrictions with EU nations.

The third proposition for the outcome of Brexit negotiations is that of Great Britain breaking off entirely from the EU with little residual relationship remaining. As previously discussed, the ideal outcome for Great Britain involves retaining all of the benefits of single market membership with none of the negative aspects. It is likely that the only way to truly attain all that they seek is for Great Britain to cut ties with the EU entirely. This would mean gaining judicial and legislative independence, control of borders, and the ability to freely negotiate terms of trade with non-EU nations. While at first this sounds like the most viable option it should be noted that cutting ties so drastically with the EU could create negative consequences. “The reduced integration with EU countries is likely to lower British international trade. According to Dhingra et al. [2016], it may cost UK economy far more than gains arising from the lower contribution to the EU budget.” (Czech). However, it is still not out of the question that the deal for Great Britain could in fact be no deal at all. Right now stands the possibility for Great Britain to be stuck with an exit bill of around 50 billion Euros, but the EU should proceed cautiously with this demand. A senior diplomat involved in aspects of the negotiations remarked “We have to be ready for that. We need to start preparing politically and economically for the possibility of an exit without a deal” (Taylor). This is important to recognize as May stated early on that, “no deal for Britain is better than a bad deal for Britain”. Therefore, proposition three involves the UK breaking from the EU with no residual relationship, pursuing opportunity with nations
outside of the EU all while controlling their own legislation and border policies. This would be the most extreme form that the Brexit would potentially take.

**DISCUSSION**

The topic of Great Britain leaving the European Union was hardly considered relevant just a few years ago. On June 23 2016, the citizens of Great Britain cast a vote that will likely create a ripple through foreign relations throughout the world. Just how vast this ripple will run is yet to be known and just what the effects are remains uncertain. The only relatively certain aspects of Great Britain leaving the EU involve the reasons for doing so and the fact that May has triggered Article 50 of the Treaty of Lisbon. In other words, the only certain conclusion to draw from research up to this point is that Great Britain will seek to redefine its membership with the European Union. Speculative conclusions include Great Britain settling for a unique agreement that does not mimic one that already exists but most likely being unable to perfectly attain their entire vision for the sovereign nation. However, due to the ever-changing developments and sentiments on this topic, it is possible to conclude Great Britain will opt for an arrangement similar to that of already established models. Finally, a conclusion is that this referendum has sent speculation and ignited discussion globally about the benefits of integration and where the world is headed in the future.

Limitations of this project result from the newness of the topic and lack of ability to collect raw data. While the project encompassed a historical analysis and data analysis, it was limited in the ability to collect unique or original data. The limitations therefore involve relying purely on research collection and ensuring the speculations for what could be results are based in fact and not merely opinion. This was especially important as several sources included current
newspaper articles, and ensuring the information was unbiased proved to be of great importance. There is a lack of academic book publications on much of the topic, therefore databases and academic journals provided for a great deal of the information used. Finally, one of the main limitations resulted from the lack of certainty from even those involved firsthand with the negotiations, which resulted in a constant need to revise and update aforementioned information in order to maintain accuracy.

Next steps would likely consist of paying close attention to other nations around the world that are also seeking to reform relationships. This would allow insight into the affects Brexit will have not only domestically but around the world. It will also be important to research and analyze how non-EU countries react to the new United Kingdom and whether or not these nations will welcome a “truly global Britain” or distance themselves altogether. Next steps involve following Theresa May’s progress in negotiating the deal Great Britain wants in the next two years. Finally, after analyzing the options and their effectiveness, it will be crucial to follow-up with the final outcome of the negotiation.

Future studies should seek to understand whether or not the Brexit served as a trigger for nationalism, or happened as a result of a global trend towards nationalism. These studies should focus on whether sovereign nations with independent relations, or nations that are more intertwined, achieve greater relative success.
IMPLICATIONS

This topic is of great importance to understand because it will affect not only Europe as a whole, but the world at large in a multitude of ways. The Brexit will affect the way business is conducted, immigration policies are created, and will likely be a representation of the direction the world is headed. Economic effects of Great Britain leaving the EU are not yet known but economic experts fear a shaky business environment. Economists at large express concern for more than just Great Britain’s economy expressing “From the macroeconomic perspective, Britain’s Brexit referendum caused a significant increase in economic, political, and social uncertainty which is expected to have a negative impact on the national economy” (Czech).

Although negotiations are in the early stages, businesses must pay close attention as changes are made in order to modify their strategy and headquarters locations to the optimal locale. Major bank CEO’s “recognize Brexit as a turning point for a wider financial and economic crisis in all European Union countries” (Winning). In this case according to the bank CEO’s, the real benefactors of Brexit would be the United States with regards to gaining new international business headquarters. Not only would London’s economy take a hit but most likely the EU’s as well, as investors and corporations will most likely be hesitant to invest in an area that appears to lack long term stability. What is known as an economically stable region could be at risk of slow growth and recession depending on the outcome of the negotiations.

Immigration has been a topic that has been of increasing importance and focus in recent years. When the EU was formed, Great Britain was in favor of more nations joining the EU in hopes of the bloc becoming too large for policies to control more than merely a small aspect of their nation. Expansion was encouraged but all the while Great Britain realized that in seeking to grow in number rather than depth of control, immigrants were entering the nation in larger
quantities. As more and more people seek refuge, the world at large must figure out their role in helping. It is likely that Great Britain will be in control of their own borders once more which could mean stricter thresholds for immigrants and refugees as well as a limit to the number that are able to enter. This will not only affect Great Britain through the possibility of straining relationships with other nations, but could also affect the success of their research and human capital caliber. On the other hand, other EU nations could experience a strain on their government services due to an increased influx of immigrants. There is also the chance that other nations could follow in the footsteps of Great Britain and seek to limit the amount of immigrants entering their country. This could mean increased suffering for those seeking asylum. Perhaps then Brexit poses the important question of what the responsibility of nations is in the world at large and what responsible citizenship entails. If this is the case, Brexit is a case study on what options exist for creating a prosperous and opportunistic world for everyone.

Should other nations follow in the footsteps of Great Britain and seek to reclaim all national sovereignty, it should be noted that there would be dramatic shifts in the way the world at large interacts with one another. As is the case with trends, an area is maximized so greatly before the pendulum must swing back the other direction. Great Britain felt the EU was becoming so integrated and their identity so lost that the alternative was to opt for no integration at all. Though it cannot be said for certain, it appears that there is a global trend towards putting one’s own nation before another. Additionally, another trend involves nations being a global player on their own terms. Brexit is also a key indicator that in the twenty first century, adaptation and disruption are ever-present. Businesses and leaders must be prepared for unknown events and must always work to adapt and remain proactive as the world constantly changes.
CONCLUSION

These 35 pages only merely begin to cover all that is involved with Great Britain’s relationship with regards to the European Union. This research served to provide a holistic overview of a political event that will affect the United States and global businesses and to highlight the complexities of a situation many wish was black and white. Great Britain joined the European Union in the early 1970’s as they did not want to be left behind by the rest of Europe. Now Great Britain sees its membership in the EU as a reason for being left behind by the rest of the world. Issues including the free movement of people throughout the bloc, strain on national resources, and judicial power led to the citizens of the United Kingdom to vote in favor of severance from the EU. Since June 23, 2016, the day of the referendum, Europe has been in a state of uncertainty as Great Britain attempts to navigate uncharted waters repositioning themselves in the world. Europe is anxiously awaiting negotiations with Prime Minister Theresa May as what is agreed upon could be a catalyst for more disintegration or could reinforce the benefits of being a relatively united regional bloc. Going forward, it will be important to watch what happens between Great Britain and the rest of Europe as it will likely provide insight into how relationships might change between nations outside of Europe.
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