

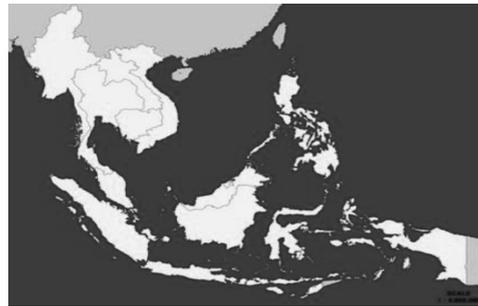
BREXIT: Britain and its Exit from the European Union.

Rodney Biddle

In the following I will explore some of the main arguments for and against the British exit from the European Union, (the so called Brexit) and consider some of the reasons for this decision to leave.

To begin with however, what is the EU? It is the European Union which currently, including the UK, is 28 European countries, trying to live and operate under a general set of rules and principles. Nonetheless, before talking more about the EU I would like to point out some similarities between the EU and ASEAN in the Asia Pacific region, with which Japan is closely involved.

The European Union and ASEAN are similar in that both are multinational groups in major regions of the world which seek to overcome past conflicts by promoting integration. The EU has a government with an elected parliament made of members from each EU country and ASEAN does not.



ASEAN - The Association of South East Asian

Nations is a 10-member international group of 10 countries set up in 1967.

ASEAN 10 countries	THE EUROPEAN UNION 28 countries
Thailand, Indonesia, Malaysia, the Philippines, Singapore, Brunei, Laos, Vietnam, Myanmar & Cambodia	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK?

What was Asean set up to do, and what has it achieved?

Asean aims to promote collaboration and co-operation among member states, as well as to advance the interests of the region as a whole, including economic and trade growth.

It has negotiated a free trade agreement among member states and with other countries such as China, as well as eased travel in the region for citizens of member countries. Asean also promotes peace and

stability in the region. Members have signed a treaty pledging to not have nuclear weapons, and most have agreed to a counter-terrorism pact which includes sharing intelligence and easing the extradition process of terror suspects. In the past decade, Asean has deepened co-operation on regional terror threats such as Jemaah Islamiyah, the South East Asian arm of Al-Qaeda. This is all very similar to the EU....

However, we need to consider the difference in scale between the EU and ASEAN.

Some differences in funding (annual GDP in \$ trillion dollars, 2013)

Asean	EU	US	China	Japan
\$2t	\$18.5t	\$16.5t	\$9.2t	\$4.9t

The EU and Asean

The Asia Pacific region has become central to the success of the EU prosperity and the EU's growth prospects.

ASEAN is the EU's 3 rd largest trading partner outside Europe

- 1 . The US
- 2 . China
- 3 . ASEAN with more than €235 billion of trade in goods and services in 2013.

The Asia Pacific region is among the fastest-growing export markets and is home to the fastest-growing economies.

In addition, the European Union has a strategic interest in regional security and stability in Asia. Almost 50 % of world shipping by tonnage transits the South China Sea and problems on the Korean Peninsula or across the Taiwan Strait have the potential to hurt the EU's interests, as demonstrated the 2010 earthquake in Taiwan which impacted negatively on the world wide supply chains especially in the IT sector. Also, China alone will account for more than one-third of increase in global energy demand by 2035. What this indicates is that the EU cannot expect to address seriously any of the major global challenges without including ASEAN and the Asia Pacific region. Further that both the EU and ASEAN promote trade within their borders and across the continents.

Another great similarity between Asia and the EU are these two parallel trade agreements which are both currently under negotiation, the TTP in Asia, and the TTIP in Europe. What are they?

TTP

Chile, New Zealand, Singapore, Brunei, the United States, Canada, Mexico, Australia, Peru, Japan, Malaysia and Vietnam have formed an agreement known as the Trans-Pacific Partnership and which will cover about 40 % of the world's economy.

TTIP

There is another agreement on the other side of the globe, one that will cover about 46 % of the world's economy. The TTIP or Transatlantic Trade and Investment Partnership has recently begun negotiations. The countries involved are the US and the EU, with other countries possibly joining later.



The Trans-Pacific Partnership (TPP)

Negotiating countries
 Current Member Nations



Transatlantic Free Trade Area (TAFTA) or Transatlantic Trade and Investment Partnership (TTIP)

US and EU
 Other Possible Members

WHAT IS THE TTP?	WHAT IS TTIP?
<p>It is a proposed free trade deal currently being negotiated between 11 countries.</p> <p>The pact is aimed at deepening economic ties between these nations.</p> <p>It is expected to substantially reduce tariffs, and even eliminate them in some cases, between member countries and help open up trade in goods and services.</p>	<p>The Transatlantic Trade and Investment Partnership, now generally known as TTIP, is primarily a deal to cut tariffs and regulatory barriers to trade between the US and EU countries, making it easier for companies on both sides of the Atlantic to access each others markets</p>

By the way, are these trade agreements good or bad for people? This is a question which you might like to answer yourself at a later date, and there are a lot of people who say these are BAD trade agreements.



Some Objections are....

- These are ‘living agreements’ which means changes can be added to the original constitution without worrying about the original constitution.
- These agreements are not really about free trade as the tariffs between countries are already very low (averaging around 3 %, BBC 2014), except on a few things like cars and rice in Japan.
- In the case of TTP America will lose control over its own country, lose its independence.
- TTP: All negotiations have been made in secret without consulting congress
- These large scale agreements will create world governments which take control away from individual voters
- Much of the opposition to TTIP in the UK is focused on the “investor-state dispute settlement”.

This procedure would allow companies to sue foreign governments over claims of unfair treatment for making and be entitled to compensation. This could limit the power of national governments to act in the interests of their citizens. For example tobacco giants could use the procedure to challenge restrictive regulations, citing a case in Australia, where Philip Morris Asia used a 1993 trade agreement with Hong Kong as the basis for a legal move to stop a change to packaging. In the UK, attention has focused on the potential impact on the NHS, with critics saying TTIP would allow private firms running NHS services to sue the government if it chose to return the services to the public sector.

CONCLUSIONS

- The EU is much bigger than ASEAN
- The EU is similar to ASEAN in that they attempt to regulate many countries and promote peace and trade.
- There are critics who see these organizations as taking too much control of the lives of individual people who elected these governments.
- The TTP and TTIP are something we should find out more about

Now that I have mentioned some similarities between Europe and Asia, I will consider the EU in earnest.



THE EUROPEAN UNION-SOME FACTS

The European Union is an international organization currently made up of 28 countries.

The EU Flag

The EU countries are:

Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

Membership is open to any country with a democratic government, a good human rights record, and sound economic policies.

IMPORTANTLY-*The EU can decide the economic, social and security policies of its member states.*

According to the EU website, the objectives of the EU are to establish European citizenship, ensure freedom, justice and security, promote economic and social progress, and assert Europe's role in the world.

The member states delegate sovereignty to the EU institutions to represent the interests of the European Union as a whole. Decisions and procedures stem from treaties ratified by the member states.

How many of the UK's laws are decided by the EU is like so many of the arguments surrounding the ad-

vantages and disadvantages of the EU as open to interpretation. However according to Full Fact (2016), an independent political fact checker,

'It's more meaningful to look at specific sectors and areas of law. In agriculture, fisheries, external trade, and the environment, it's fair to say that EU legislation and policy is indeed the main driver of UK law and policy, although the UK retains some freedom of action in these areas. In other important areas—for example, welfare and social security, education, criminal law, family law and the NHS—the direct influence of the EU is far more limited.

Estimates (of these laws decided by the EU) range from 13% to 65%, although all have problems.'

- *The capital of the European Union is Brussels, Belgium.*
- *An estimated 507 million people lived within the European Union in 2014.*
- *The United States is the EU's main trading partner.*



THE EU: A BRIEF HISTORY AND MISSION

1. 1945–1959 Towards a peaceful Europe - the beginnings of cooperation

After the second world-war the European Union was set up with the aim of ending wars between neighbours.

In 1950, the European Coal and Steel Community treaty was signed with the aim of uniting the European countries economically and politically (through the heavy industries) in order to secure lasting peace.

CONTROLLING THE PRODUCTION OF WEAPONS

In 1957, the Treaty of Rome creates the European Economic Community (EEC), or 'Common Market'.

2. 1970–1979 Following the economic boom of the 1960's which resulted in constructive trade in Europe, the first Enlargement of the EEC occurs with Denmark, Ireland and the United Kingdom join the European Union on 1 January 1973, a total of 9 members.

3. 1986 In 1986 the Single European Act is signed. This is a treaty which is aimed at the free-flow of trade across EU borders and thus creates the 'Single Market'.

4. 1990–1999 A Europe without frontiers. With the collapse of communism across central and Eastern Europe, Europeans become closer neighbours. In 1993 the Single Market is completed with the 'four freedoms' of: movement of goods, services, people and money.

Millions of young people study in other countries with EU support. Communication is made easier as more and more people start using mobile phones and the internet.

5. 2000–2009 Further expansion

The euro is the new currency for many Europeans.

In January 2002 Euro notes and coins are distributed them in 12 countries. Except the UK and Denmark and Sweden. Notes are the same for all countries. Coins have one common face, giving the value, while the other carries a national emblem.

THE VALUES OF THE UNION

The Union is founded on the values of respect for human dignity, liberty, democracy, equality, the rule of

law and respect for human rights, including the rights of persons belonging to minorities.

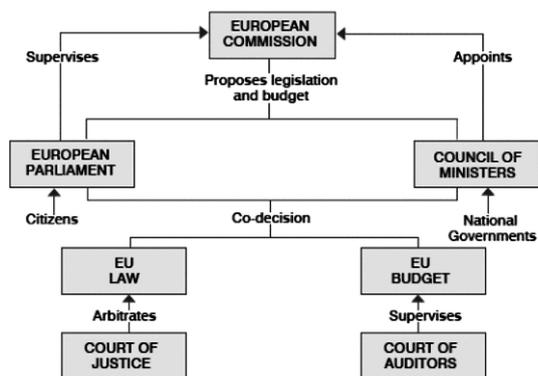
Moreover, the societies of the Member States are characterised by pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men.

Any European State wishing to become a member of the Union must respect these values in order to be considered eligible for admission. Secondly, failure by a Member State to respect these values may lead to the suspension of that Member State's rights deriving from membership of the Union.

THE OBJECTIVES OF THE UNION

The Union's values are:

- an area of freedom, security and justice without internal frontiers ;
- an internal market where competition is free and undistorted;
- sustainable development, based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment;
- the promotion of scientific and technological advance;
- the combating of social exclusion and discrimination, and the promotion of social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child;
- the promotion of economic, social and territorial cohesion, and solidarity among Member States.
- peace;
- security;
- sustainable development of the Earth;
- solidarity and mutual respect among peoples;
- free and fair trade;
- eradication of poverty;
- protection of human rights (in particular the rights of the child);
- development of international law (respect for the principles of the United Nations Charter).



THE 5 EU INSTITUTIONS

The EU is run by five main bodies/institutions:

1. *The European Commission,*
2. *The European Parliament*

3. *The Council of Ministers,*

4. *EU law*

5. *EU budget*

1. **The European Commission. This is the top.** These are the leaders of the EU.

The Commission's main roles are to:

- a) suggest legislation (new laws) which are then adopted by the European Parliament and the Council of Ministers
- b) enforce European law (where necessary with the help of the Court of Justice of the EU)
- c) set objectives and priorities for action, outlined yearly in the Commission Work Programme and work towards delivering them
- d) manage and implement EU policies and the budget
- e) represent the Union outside Europe (negotiating trade agreements between the EU and other countries, for example.).

The European Commission has its headquarters in Brussels, Belgium, and some services also in Luxembourg.

The European commission has 1 President, 7 Vice-Presidents and 20 Commissioners (1 + 7 + 20 = 28 one person from each member country)

And 30,000 staff, according to the BBC (or the EU has around 54,000 staff including part-time & contract staff, according to openeurope.org.uk)

A new team of 28 Commissioners (one from each EU Member State) is appointed every 5 years.

THE PRESIDENT

The candidate for President of the Commission is proposed to the European Parliament by the European Council.

The Commission President is then elected by the European Parliament by a majority of its component members (which corresponds to at least 376 out of 751 votes).

Following this election, the President-elect selects the 27 other members of the Commission, on the basis of the suggestions made by Member States.



The current Commission's term of office runs until 31 October 2019. Its President is Jean-Claude Juncker.

Nationality: Luxembourgish

The Commissioners meet once a week, usually on Wednesday, in Brussels. The agendas are determined by the President.

The Commission also meets when emergencies need to be addressed and when major issues are being discussed by the Council of Ministers.

2. The European parliament. One of the main differences between ASEAN and the EU is the European Parliament (or government) which is made of MEP's (members of the European Parliament, who are elected members in the 28 countries and who travel to Brussels and VOTE on the laws created by the

EU the European Commission.

There are 2 types of laws: directives and regulations.

Directives can be changed by each member country to suit the needs of the country, and directives are implemented uniformly across the EU.

What is the difference?

EU Directive:

- Applicable to all Member States
- Sets certain aims, requirements and concrete results that must be achieved in every Member State
- Sets a process for it to be implemented by Member States
- National authorities must create or adapt their legislation to meet these aims by the date specified in each given Directive

EU Regulation:

- Immediately applicable and enforceable by law in all Member States
- As good practice, Member States issue national legislation that defines the competent national authorities, inspection and sanctions on the subject matter.

Examples of EU directives are laws which control:

- **Anti-discrimination** (the Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin : also called the “Race Directive” (Directive 2000/43/EC on Anti-discrimination)
- **Television:** Television Without Frontiers Directive (Council Directive 97/36/EC)
- **The Environment** (The Directive 76/464/EEC of 4 May 1976 on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community) (The Birds Directive (Council Directive 2009/147/EC on the conservation of wild birds)
- **Intellectual property** The Information Society Directive (2001/29/EC 22 May 2001)-also known as the “EU Copyright Directive” (EUCD). The Database Directive (11 March 1996).

Regulations apply for example to the transport of animals across the EU. For example the number of hours that sheep of cows can be driven in trucks in order to minimize the levels of stress these animals suffer during transport. Some laws which have been voted through (passed) the parliament vote include the energy and climate package, a review of how chemicals are regulated (controlled and used) and reductions in mobile phone roaming charges as well as making airline companies pay for delayed and cancelled flights.

3. The Council of Ministers

The Council of Ministers, typically referred to as just ‘the Council’, is the EU’s main decision-making and legislative body. In conjunction with the European Parliament, the Council of Ministers forms the EU’s laws.

The Council of Ministers comprises ministers from each member state with responsibility for the policy area under discussion. As such, the Council of Ministers is not a body that has a fixed membership - rather it is a legislative concept that is given expression at any given time in one of nine distinct

‘councils’ i.e. committees.

1. General affairs and external relations Council
2. Economic and financial affairs council (ECOFIN)
3. Justice and home affairs council
4. Employment, social policy, health and consumer affairs council
5. Competitiveness (internal market, industry and research) council
6. Transport, telecommunications and energy council
7. Agriculture and fisheries council
8. Environment council
9. Education, youth and culture council

For example, the general affairs council (GAC) discusses international policy and general policy matters it is comprised of member states’ foreign ministers or ministers with responsibility for EU matters. The GAC and ECOFIN are regarded as the most ‘senior’ Councils. The GAC, ECOFIN and the agriculture council meet every month, while the other councils meet between twice and four times per year.

The Council of Ministers has the following jobs.

1. The Council of Ministers is the EU’s principal legislative body, with the unique power to make legislation in some areas. In others, this is exercised in conjunction with the European parliament.
2. The Council of Ministers (through ECOFIN) co-ordinates the domestic economic policies of member states.
3. The Council of Ministers concludes international agreements, negotiated by the Commission.
4. Along with the European parliament, the Council of Ministers authorises the budget proposed by the commission. The council has the final word in relation to ‘compulsory’ expenditure (e.g. CAP spending).
5. The Council of Ministers is the sole decision-making authority in respect of common foreign and security policy proposals, within the framework set by the European Council.
6. The Council of Ministers co-ordinates the activities of member states and adopts measures in relation to justice and home affairs policy.

4. EU law

There are two European courts, which have the task of interpreting and enforcing EU law: the European Court of Justice and the European Court of the First Instance. Both are based in Luxembourg. The two courts act as the EU’s legal court (ruling on inter-institutional disputes and disputes between the EU and member states).

The Court of Justice comprises 28 judges-one from each member state and nominated by their governments-appointed for a six-year term, with half the members’ terms ending every three years. The judges appointed elect a president, who serves for three years. The judges are assisted by eight advocates-general.

The power of the court to influence the EU’s development is limited by its lack of any power to initiate cases-it can only consider matters that are referred to it by third parties, including EU institutions, member states, corporate bodies and individuals.

The court’s procedures are extremely slow and laborious, with preliminary rulings typically taking 18 months, and direct actions two years. In urgent cases, the court is able to issue interim rulings through

accelerated procedures.

The CFI also comprises 28 judges - one from each member state - but does not include advocates-general. The CFI does not deal with particularly sensitive cases or those involving national governments. Rather its work focuses on direct actions brought by private applicants.

5. EU Budget The Court of Auditors. This is an EU body, but its role is to examine the revenue and expenditure accounts of EU institutions, ensuring that EU funds are spent in accordance with budgetary rules.

How is the EU funded? In 2014 the EU budget was 148.5 billion euros, €148,500,000,000 (which is about ¥20,218,105,997,422.00 or \$ 1,646,285,850.001

Where does the money come from? The EU budget: is funded mostly from the EU's own resources. Own resources account for 99 % of the budget and these are a. taxes on imports into the EU and, b. contributions from each country. A standard percentage (around 0.7 %) of the gross national income (GNI) of each country and a standard percentage (around 0.3 %) of its value added tax (VAT) is levied on the GNI of each EU country. Contributions are largest source of EU revenue-€92.7bn in 2010. The remaining 1 % of budget revenue comes from other sources of income.

The budget also has other sources of revenue, e.g. taxes on EU staff salaries, contributions from non-EU countries to certain programmes a small percentage of gross national income, usually around 0.7 %, fines on companies for breaching competition laws.

How does the EU spend its money? About 94 % of the EU budget funds programmes and projects in EU countries and beyond, for scientists, farmers, students, small businesses and many others. Funds are established, people apply for funding, and decisions are made by relevant committees about the awards of money. Some examples of funds which people can apply to are the Asylum, Migration and Integration Fund Macro-financial assistance, Common Agricultural Policy (the CAP) Common Foreign and Security Policy, Connecting Europe Facility Consumer Programme Competitiveness of Enterprises and SMEs (COSME) Customs, Taxation and Fight against Fraud, Creative Europe Development Cooperation Instrument Employment and Social innovation Programme EU Aid Volunteers EU Civil Protection and European Emergency Response Coordination Centre European Instrument for Democracy and Human Rights European Maritime Affairs and Fisheries Erasmus Europe for Citizens Food and feed Health Humanitarian aid Instrument for Nuclear Safety Cooperation (INSC) Instrument contributing to stability and peace Internal Security Fund. IT systems Justice Programme Less developed regions Life programme

The Common Agricultural Policy CAP (From Wikipedia)

The Common Agricultural Policy (CAP) is the agricultural policy of the European Union. It implements a system of agricultural subsidies and other programmes. It was introduced in 1962 and has undergone several changes since then to reduce the cost (from 71 % of the EU budget in 1984 to 39 % in 2013) and to also consider rural development in its aims. It has been criticised on the grounds of its cost, and its environmental and humanitarian impacts. An example I heard on BBC radio is the Welsh sheep farmers get an average of £50,000 pounds a year in subsidies (about ¥1000, 0000) every year.



Equity among member states

Some countries in the EU have larger agricultural sectors than others, notably France and Spain, and consequently receive more money under the CAP. Countries such as the Netherlands and the United Kingdom have particularly urbanised populations and rely very little on agriculture as part of their economy (in the United Kingdom agriculture employs 1.6% of the total workforce and in the Netherlands 2.0%). The UK therefore receives less than half what France gets, despite a similar sized economy and population. Other countries receive more benefit from different areas of the EU budget. Overall, certain countries make net contributions, notably Germany (the largest contribution overall) and the Netherlands (the biggest contribution per person), but also the UK and France. The largest per capita beneficiaries are Greece and Ireland.

The CAP has been much criticised by many diverse interests since its inception. Criticism has been wide-ranging, and even the European Commission has long been persuaded of the numerous defects of the policy.

In May 2007, Sweden became the first EU country to take the position that all EU farm subsidies should be abolished, except those related to environmental protection.

Some Criticisms of CAP (from Wikipedia)

Anti-development Criticism of the CAP has united some supporters of neoliberal globalisation with the alter-globalisation movement in that it is argued that these subsidies, like those of the USA and other Western states, add to the problem of what is sometimes called Fortress Europe; the West spends high amounts on agricultural subsidies every year, which amounts to unfair competition.

Many developing countries are highly dependent on agriculture. Agriculture provides for the livelihood of 70% of the world's poorest people. As such, the subsidies in the CAP are charged with preventing developing countries from exporting agricultural produce to the EU on a level playing field.

Oversupply and its redistribution Production is linked to supply by the EU laws. To maintain European agriculture in its current state, the CAP-mandated demand for certain farm produce is set at a high level compared with demand in the free market. This leads to the European Union purchasing millions of tonnes of surplus output every year at the stated guaranteed market price, and storing this produce in large quantities (leading to what critics have called 'butter mountains' and 'milk lakes'), before selling the produce wholesale to developing nations.

In 2007 in response to a parliamentary written question the UK government revealed that over the preceding year the EU Public Stock had amassed "13,476,812 tonnes of cereal, rice, sugar and milk products and 3,529,002 hectolitres of alcohol/wine", although the EU has claimed this level of oversupply is unlike-

ly to be repeated.

This point was true when in January 2009, where the EU had a store of 717,810 tonnes of cereals, 41,422 tonnes of sugar and a 2.3 million hectolitre 'wine lake', showing that the stocks had diminished dramatically.

Good Examples

The food crisis in 2008, which saw the stocks empty out and the prices skyrocket, even introduced a popular demand for the introduction of emergency stocks of agricultural produce in the EU, which would help stabilise prices both on the very volatile markets.

In 2010, the European Commission announced its intention to sell out of its cereal stocks to stabilise the situation after a Russian grain export ban had stung world markets, sending wheat prices to two-year highs and sparked worries of a crisis in global food supplies that could spark widespread strains and protests.

In 2010, the EU decided to use existing intervention stocks (cereals, milk powder and limited quantities of butter) for its "Food Aid for the Needy" scheme for 2011. An estimated 13 million poor Europeans benefit from this scheme.

Some bad examples are that parts of the EU stocks are exported with the use of export subsidies. It is argued that many African and Asian dairy, tomato and poultry farmers cannot keep up with cheap competition from Europe, thus their incomes can no longer provide for their families. At the same time, many urbanised families in the developing world benefit from the relatively cheaper products stemming from Europe. For dairy products, EU export subsidies rose in 2009 after having been stopped in 2008. In 2009, the main recipients of dairy products that benefitted from export subsidies were: Russia, Saudi Arabia, Egypt and Nigeria.

According to the 2003 Human Development Report the average dairy cow in the year 2000 under the European Union received \$913 in subsidies annually, while an average of \$8 per human being was sent in aid to Sub-Saharan Africa.

The 2005 Human Development Report states "The basic problem to be addressed in the WTO negotiations on agriculture can be summarised in three words: rich country subsidies. In the last round of world trade negotiations rich countries promised to cut agricultural subsidies. Since then, they have increased them".

Several reports from the latest negotiations in the WTO, however, contradict the theory of the 2005 HDR report. On 29 July 2008, the WTO negotiations in the Doha round finally collapsed because of differences between the US, India and China over agricultural trade.

Artificially high food prices CAP price intervention has been criticised for creating artificially high food prices throughout the EU. High import tariffs (estimated at 18–28%) have the effect of keeping prices high by restricting competition by non-EU producers. It is estimated that public support for farmers in OECD countries costs a family of four on average nearly 1,000 USD per year in higher prices and taxes.[55] The European Commission has responded that the average EU household today spends 15% of its budget on food, compared to 30% in 1960. The list of criticisms goes on and on see Wikipedia for more. Some Conclusions about the EU are it is a very big organisation with a lot of money and many staff and

it makes laws which affect the people in the countries which are in the EU

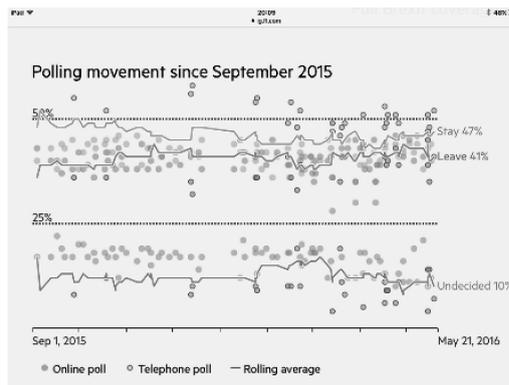
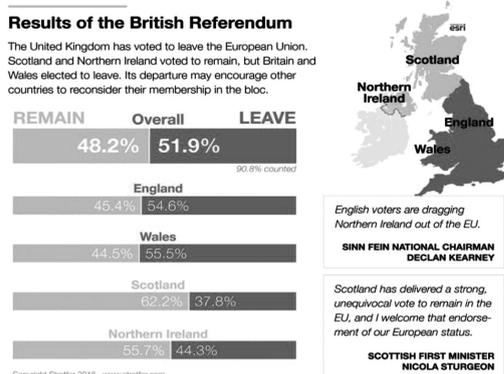
BREXIT

Now I would like to focus on the British exit from the EU. As is well known a referendum took place on June 23rd and the British electorate was asked to decide if they wanted to leave or stay in the EU. The result was that more people voted to leave than stay. Some key questions are 1. How many of the 'British people' voted to leave or remain in the European Union in a referendum? 2. Did Scotland/Wales/Ireland vote to leave or remain in the E.U.? 3. Why and who wants to stay or leave the E.U.?

Did the British people vote to leave the European Union? The answer is...YES & NO

This final vote tally means about 50% of Britain likes the EU, and 50% does not. However as the turnout of the electorate was 72% only about 50% of this figure (about 36%) actually voted to leave and more than 60% of eligible voters did not vote or did not vote to leave. More than those who did vote to leave. But it seems many people would like to leave the EU. So why will Britain leave the EU? By the way, Scotland and Northern Ireland have voted to remain. Is this a problem? Potentially a big problem as Scotland (which had its own independence referendum on 18th September 2014, and is represented by its own parliament) is now strongly pushing for a second referendum because the British government does not fully represent the Scottish people so they should be independent from Britain.

Incidentally, the vote was a big surprise to everyone as nobody predicted a leave victory. (The Daily Telegraph Newspaper, 2016).



Now some of the arguments and factors affecting Brexit. The main arguments and interpretations of the underlying factors, which are either supported or disputed depending on whether you want to leave or stay in the EU are, sovereignty, immigration, whether you are young or old, whether you have a high income or low income (or no job), and whether you live in the north or south of England, and whether you are an employer or not. Immigrants or workers? The concerns with immigration are those associated with the free movement of labour within the EU and the belief of people who live in depressed regions of the north of England feel threatened by an influx of workers who may take their jobs AND that fact that they are powerless as a members of the EU to control this immigration. This powerlessness is an issue if sovereignty and of a loss of identity of those people who regard themselves as British and not European. Although as will be seen in more detail below for companies who employ people the freedom of movement

represents a valuable source of labour.

Can immigrants/foreign people really work in the UK if they want to? Yes. Free movement is one of the rights of people living in the EU and freedom of movement allows citizens of the European Union (EU) to move to, live in, and in certain circumstances access the welfare system of the EU country to which they have moved. Freedom of movement is one of the founding principles of the EU. It has been in operation since the creation of the European Economic Community and is primarily designed to support the economies of EU countries by providing a mobile work force.

SOME OF THE KEY ARGUMENTS FOR AND AGAINST BREXIT



1. Business has basically always said STAY in the European Union

More than 50% of Britain's trade is with the EU, and trading costs in the EU are some of the lowest globally, (Open Europe thinktank).

Some Reasons against a Business Brexit

The Confederation of Business Industry, the most important business organization in the UK says in a recent report, *Our Global Future: the business vision for a reformed EU*, that EU membership is the best vehicle for achieving our open, global ambitions in the 21st century Katja Hall, Chief Policy Director at the Confederation of British Industry (CBI) said that 75% of CBI members say that the creation of a Single Market of 500 million consumers has had a positive impact on their business. The Single Market has attracted investment from around the world and contributed to making the UK the world's leading financial centre. In addition, the EU anchors UK trade around the world through the signing of high-quality, ambitious Free Trade Agreements, giving the UK access to £15 trillion-worth of markets, (and is now working towards opening up markets which would double that figure). Membership also provides significant influence on the rules, policies and priorities that allow British based firms to seize opportunities across the globe. But these benefits will only be maintained if the UK is able to continue to influence the

outcomes of the co-operation and discussion that occurs at EU level, Katja Hall, Chief Policy Director at the Confederation of British Industry. For British business the balance of costs and benefits of EU membership is overwhelmingly positive, and our membership helps drive UK openness to the world. Whether in helping British business to break new markets, be globally competitive, or best innovate and elevate UK business to the top of international value chains, the European Union supports UK business in realising its global ambitions.

CARS One of the areas of focus for the UK government has been a renewed concentration on industry and manufacturing in the UK, a recognition that the economy had become too reliant on the service sector. Denis MacShane (a former Labour MP) sees Brexit as a threat to this old industry renaissance. “If you look at our motor car industry, it’s entirely foreign-owned, a lot of it Asian money. (Rolls-Royce is owned by BMW, Germany, Jaguar is owned by Tata Steel, India. Nissan has announced a 150 million pound investment in the UK, September 2015, Honda makes cars in the UK). They invest in the UK because they have access to the EU through the UK. If we left the EU, why wouldn’t they choose to base their big investment projects in another EU country? There are plenty of places with labour that is just as skilled but much cheaper for example Romania and Bulgaria.

Sir Richard Branson

Richard Branson a much respected business leader has said the following.... *Leaving the European Union*



would be “catastrophic” and leave Britain with its hands “tied behind our back” in trade negotiations. He said Britain was part of a trade bloc as influential as the United States by being part of the EU and would lose out by heading for the exit.

“How anybody would want to go back to the days where all these barriers were put up, I just find it inconceivable,” “We’re talking from a position of strength. If we go back to being Great Britain again we will have our

hands tied behind our back.” (The Telegraph Newspaper: Jun 2015)

Business & Jobs: Free movement of people across the EU opens up job opportunities for UK workers willing to travel and makes it relatively easy for UK companies to employ workers from other EU countries. Ukip (the United Kingdom Independence Party), the Eurosceptic party says this prevents the UK “managing its own borders”. But, writing for the LSE, Professor Adrian Favell says limiting this freedom would deter the “brightest and the best” of the continent from coming to Britain, create complex new immigration controls and reduce the pool of candidates employers can choose from. (The Week, Aug 19, 2015)

As for America, President Obama has repeatedly expressed a preference for the UK remaining in the EU, and ratings agency Standard & Poor’s has suggested that banking groups might take their headquarters elsewhere if Britain were to leave the EU. (The Week, 2015).

Some Reasons for a Business Brexit

For the Eurosceptics, Brexit would free our businesses, particularly our financial services, to operate on a global stage. Robert Oulds, director of the Bruges Group, a thinktank that advocates cutting ties with Europe, has researched extensively the impact on business of a post-Brexit world: "If we left, we'd be outside the reach of the financial transactions tax [proposed by the EU and due to be introduced in January 2016, which is worrying many in the City and will certainly drive financial business outside of the EU. We'd also have the ability to get out of EU rules like the cap on bonuses in the City." Thus the majority of British business people are against Brexit

2. Non-integration (no contact) with the EU. Some Reasons against a Non-Integration Brexit

Leaving Europe to join the world is really the 'North Korea option', out in the cold with few friends, no influence. In a recent speech Tony Blair (a former British prime minister) focused on the dangers of leaving the EU. He said that leaving would leave us "*diminished in the world, do significant damage to our economy and, less obviously but just as important to our future, would go against the very qualities and ambitions that mark us out still as a great global nation*". This is the central line of those seeking an "in" vote that Brexit would not only leave the UK poorer financially, and it would also mark a kind of moral failing, a sign that we were in retreat from a golden age of British internationalisation. Brexit is often presented as a Catch-22, where we are so enmeshed in the EU that any separation must produce intolerable pain, at least in the short term.

Reasons for a non-integration with Europe Brexit Mark Reckless (UKIP) is more optimistic about the prospects for post-Brexit Britain: "We're paying £20bn into the EU budget each year. Because of our membership of the EU, we're not able to trade freely with the rest of the world, and the EU has a poor record of opening their markets to our exporters, particularly high-value-added business services. The prospect of being able to sell British agricultural and food markets to the world would leave the British economy in a much better condition post-Brexit than it is now."

Conclusions If we do not integrate as a member of the EU we would lose our trading market and be outside of the decision making process. However we can save money and renegotiate business contracts with the rest of the world because the rest of the world will still want to trade with the UK. This remains to be seen and the many are predicting many problems for the British Economy e.g. THE BANK OF ENGLAND is not optimistic.

3. A Financial services Brexit the top 10 world financial services countries (asset management, insurance, re-insurance, banking, retail banking, and commercial banking), (GFCI 2014), are...

1. New York
2. London
3. Hong Kong
4. Singapore
5. Zurich
6. Tokyo
7. Seoul

8. Boston
9. Geneva
10. San Francisco

Some Reasons for a Financial Services Brexit-THE SWISS MODEL

Switzerland is a prosperous country in Europe but NOT a member of the EU.

Some Eurosceptics see a Brexit as a great opportunity to remodel Britain's economy, increasing our reliance on financial services and using Switzerland (a tax free, independent country) as a model for future success free from the shackles of the EU. *'The City won't just survive, but prosper if the UK leaves the EU.'*(Helena Morrissey, chairman of the Investment Management Association).

Robert Oulds a conservative Party Eurosceptic says, "Switzerland isn't suffering economically at the moment because it's *not* part of the EU," "It's able to trade financial services and commodities with whomever it wants. For our financial services, if we left the EU and remained in the single market, the only difference would be that we would not be under EU regulators such as the European Banking Authority. There's a whole host of EU agencies that are incredibly powerful and have the ability to shut down (one of) our financial institutions pretty much at whim. This is a worry to some people in the City." (What would happen if Britain left the EU? The Guardian Newspaper, online, 2016).

Some Reasons against a Financial Services Brexit

Denis MacShane, a former Labour minister, notes that, it is misleading to suggest that Switzerland is trading with the EU without signing up to EU regulations. He argues that the EU will not trade with partners who do not agree with their rules and system. Key point this.

James Ind, a UK investment company agrees that using Switzerland as an example for our financial future is misguided. "We shouldn't use as a model a much smaller country that provides the sort of services that larger, regulated economies can't," he says. "The British financial services industry is not about offshore private banking, it's about world-class asset management, insurance, reinsurance, banking, retail banking, commercial banking - I can't see how any of these are better off outside of Europe. (The Guardian Newspaper, online, 2016).

Goldman Sachs warns against Brexit

'Britain must remain part of a larger economic bloc. Anything else would damage the broader economy as well as the financial sector. The economic costs and benefits of Britain leaving the bloc are fiercely contested, with pro-EU campaigner's camp pointing out that leaving would place the British economy outside of the common market, forcing it to pay tariffs on export to member-nations and make cross-border business with EU members harder and more costly.'(The Guardian Newspaper, online, 2016).

Conclusions

Britain is the second biggest financial sector in the world. The biggest financial voices say a Brexit would be a bad idea.

4. Immigration & Brexit

First some numbers. (Saturday, May 28th 2016) (Figures released 4 weeks before the referendum)

- The statistics watchdog also released figures (in May) showing that in 2014 13 %, or 8.3 million, of the UK resident population were born outside the UK.
- This has risen from 9 per cent, or 5.3 million, in 2004.
- Net migration (=increase) to UK was 333,000 in 2015
- *This means that immigration is increasing and could continue to increase as a member of the EU.*

UK Independence Party leader Nigel Farage tweeted: “Mass immigration still hopelessly out of control and set to get worse if we remain in EU.”

Many Europeans are drawn to Britain due to its relatively strong economy, and under EU rules of freedom of movement, they are entitled to move to the United Kingdom.

Brexit supporters have put ending this freedom of movement at the heart of their

The Ukip MEP Stephen Woolfe said, “Britain is borderless as a member of the EU,” he said. “The sheer scale of immigration is putting our public services under severe strain and causing division and disharmony in our communities.

Immigration has been the most important argument for most British people in the Brexit debate. In a BBC television debate with two leading contenders, Nigel Farage (former leader of UKIP. The United Kingdom Independence Party, a leave the EU political party and Russel Brand a well-known British comedian and activist. The following arguments were presented;

- A : IMMIGRATTION IS BAD. Immigrant increase the pressure on doctors, school, hospitals etc. by using the limited resources and making it more difficult for British born people to use these services and live in their own country.
- B : IMMIGRATION IS NOT BAD. Immigrants are being used as scapegoats, people to blame because the economy is bad, and people are not happy with their lives. It is AUSTERITY that is the problem and immigration is a cover to redirect attention away from the government. Increased competition for doctors, school and services etc is because the government has CUT spending to these areas to reduce the deficit and ‘save’ the economy.
- C : It is the working class who suffer the most from effects of immigration. The people who are not rich and who do not have money and who LIVE in the north of Britain.
- D : Russel brand says turn your anger against those in power and redistribute the wealth to schools and communities.

Did people follow Russel Brand’s advice? No, they voted to leave, the simplest option as an expression of DISSATISFACTION.

A NOTE ABOUT AUSTERITY IN BRITAIN

Following the financial crisis of 2008-9, the British government implemented harsh austerity measures in an attempt to reduce its budget deficit and increase economic growth.

From Wikipedia 2015: ‘The United Kingdom government austerity programme is a series of sustained reductions in public spending, intended to reduce the welfare state.

The cuts have affected the National Health Service, welfare, ed-



ucation, and other public institutions.

The programme was initiated in 2010 by the Conservative and Liberal Democrat coalition government. Its original stated goal was to, “achieve cyclically-adjusted current balance by the end of the rolling, five-year forecast period.” At the June 2010 budget, the end of the forecast period was 2015–16. However, in 2014 the Treasury extended the proposed austerity period until at least 2018.’

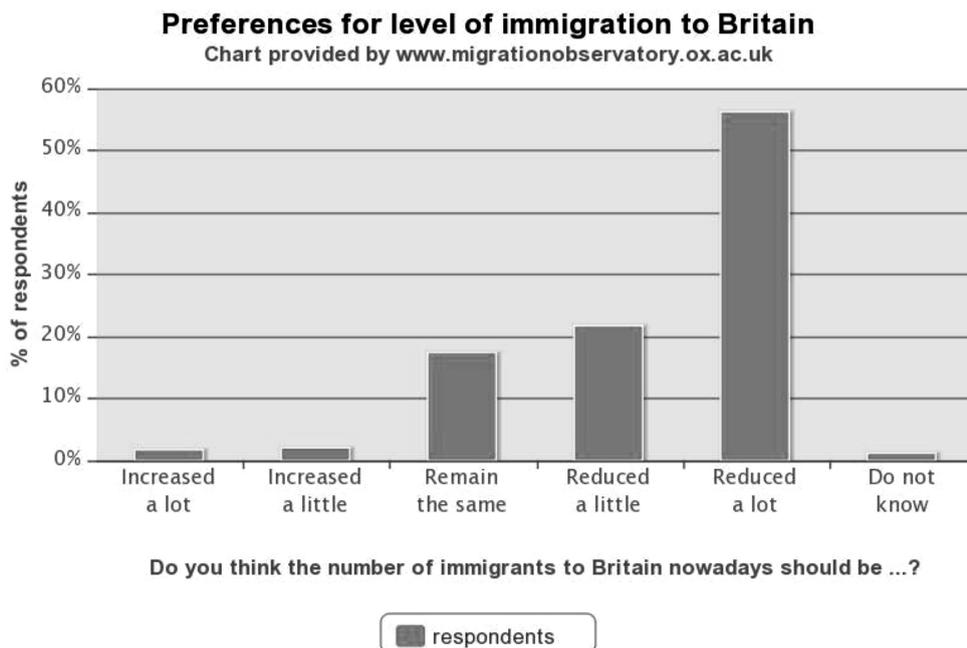
Austerity is cutting costs, making money less available from the government. Austerity is another factor which adds to the problem, public funding (spending on hospitals, schools, social welfare, services etc.) has been cut. This means more immigrants use hospitals and schools and services which makes it more difficult for local people in those 25 % of affected towns. This means again they resent immigration and want BREXIT.

So, austerity is a good idea? Do we really need austerity to save the economy? Currently 50 % of the IMF economists say no. austerity without investment is a cause of social unrest and many British people think it is a bad idea.

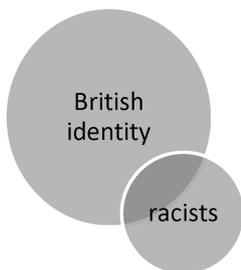
Some reasons for an immigration Brexit.

- There are too many immigrants in Britain, communities are being overwhelmed and are changing.
- Immigrants take British people’s jobs and resources such as hospital and doctors’ time.

Immigration is unpopular, with approximately 75 % of the British public favouring reduced levels of immigration. In recent surveys, the majorities of respondents think that there are too many migrants, that fewer migrants should be let in to the country, and that legal restrictions on immigration should be tighter. In the 2013 British Social Attitudes survey when asked: ‘Do you think the number of immigrants to Britain should be....?’ over 56 % answered ‘reduced a lot’, while 77 % chose either ‘reduced a lot’ or ‘reduced a little’.



Source : British Social Attitudes Survey, 2013

SO, IS BRITAIN A RACIST COUNTRY? Nationalism or national identity?

There are many racists in Britain, but I do not think that in general British people are racist. Indeed, the racists were able to use Brexit and the immigration issue to their advantage. However, one theme that continually emerges that of a need for national identity. And in short it seems that this was, ‘*A referendum on whether people are happy to accept free movement in return for free trade.*’(Guardian). The answer was from this perspective that they were not happy to accept free movement.

JOBS Much of the resentment of immigrants coming into the UK is because there are not enough jobs for everyone, and the belief that “foreigners are taking all the new jobs”. This a view based on everyday fear. But is it true? There are numbers which undermine the view that “foreigners are taking all the new jobs”, For example: The number of British workers in employment increased by 375,000 in 2014 while an extra 239,000 non-UK nationals were working in Britain. This means more jobs than immigrants in 2014. The 31,000,000 (31 million) UK labour force is now made up of 28,000,000 (28 million) British citizens and 3,000,000 (3 million) non-UK citizens. (Guardian February 2015). Which means a smaller number of non-UK workers. Furthermore it has been argued by many (John Springford, the Guardian 2015 for example) that the facts about the effects of migration on the UK economy, wages and employment are often distorted, difficult to understand or poorly explained. Government research from 2014 suggests that immigration actually has very limited impact on levels of employment, while a wide-ranging study by the Oxford University Migration Observatory showed that a 1 % rise in immigration decreased wages by only 0.3 %. And...Looked at over a longer timescale, immigration actually boosted wages. The people most likely to lose their jobs are migrants. The new migrants will have similar skills which can replace the existing migrants. Crucially, he research did point out, however, that the benefits were not spread across all income groups and that those at the bottom tended to suffer. “The greatest wage effects are found for low-waged workers. Each 1 % increase in the share of migrants in the UK-born working-age population leads to a 0.6 % decline in the wages of the 5 % lowest-paid workers and to increase in the wages of higher paid workers.”

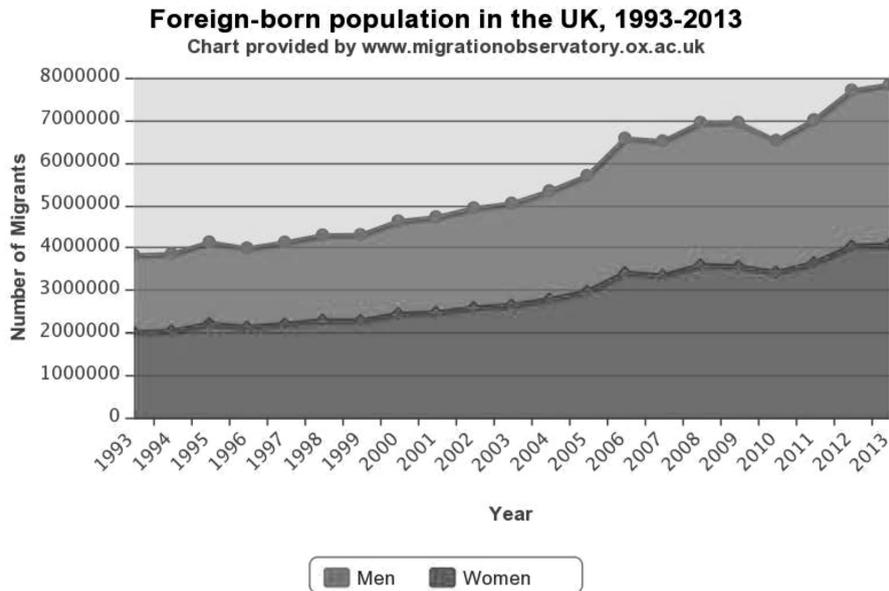
HAS THE NUMBER OF IMMIGRANTS INCREASED?

Is there any evidence to support the view that an increase in immigration happening? Yes, much. Particularly with the increase of Eastern European immigrants.

The migrant population more than doubled from 1993 to 2013

The size of the foreign-born population in the UK increased from about 3.8 million in 1993 to over 7.9 million in 2013, a 100 % increase. During the same period the number of foreign citizens increased from nearly 2 million to nearly 5 million. This period coincides with the significant inflow of East European migrants following EU enlargement in 2004.

However, as a government report has stated: (Express Newspaper, 2014) 75 % of the 2.9 million rise in the foreign-born population in the past 10 years was concentrated in just 25 % of British towns, leaving these towns struggling to cope with the pressure on housing and services. In 2013, about 50 % of the UK’s



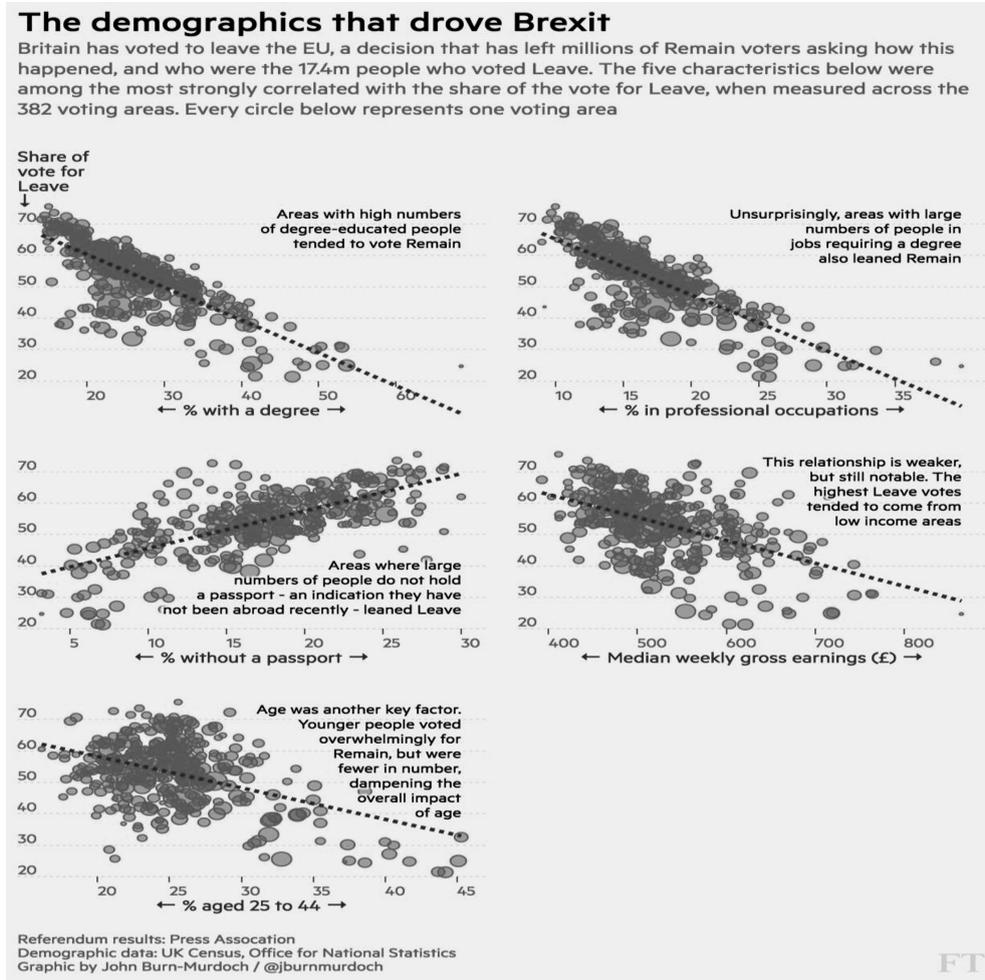
foreign-born population were in London (36.2%) and the South East (13.7%).

Northern Ireland, the North East and Wales have a low share of the UK's total foreign-born population, 1.5%, 1.8% and 2.0% respectively. In comparison, the UK-born population is more evenly distributed. In 2013, only 7.9% of the whole UK-born population lived in London.

So who voted for BREXIT and why? Some of the key voting groups.

These groups are;

1. People who are educated to degree level voted to remain in the EU. This invariably means voters who are more middle class than working class. Similarly people who are employed in jobs which require a degree voted to remain in the EU. These are people who are more readily employable than unskilled workers who are typically not educated to degree level, and who are predominantly working class.
2. Areas where people who did not hold a passport voted to leave the EU. Perhaps indication that they were not interested in visiting the EU, or perhaps one might speculate, without financial resources to fund such an interest.
3. Voters with low incomes voted to leave the EU. Those votes in the North of Britain with lower incomes expressed grave concerns about the threat of immigration to potential employment, and lack of control over this immigration proposed by membership of the EU. This is apparent in The Story of the North, more of which below.
4. Older voters voted to leave the EU and younger voters voted to remain. It has been said that national identity is a powerful force in all of the voters thinking when it came to voting to leave and why older people seemed more inclined to vote to leave the EU. When asked a question about whether they feel British, English, Scottish, Welsh or something else, respondents in our survey north of the border were likely to say they were Scottish rather than British. But a change is also occurring south of the border as well. Many people said they were English rather than British. The majority of people who identified



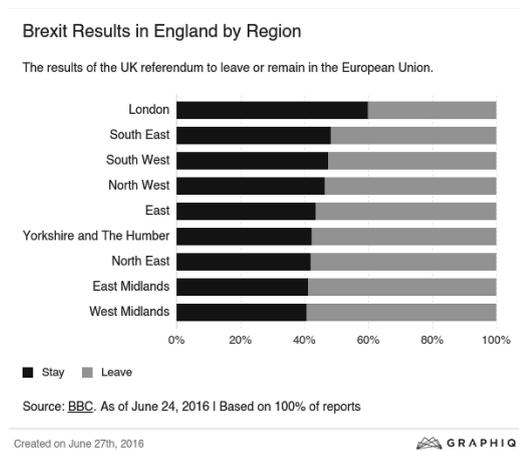
as British opted for remaining, while the people who identified as English were strong supporters of Brexit. Importantly, no less than 44% of over 65s think of themselves as English but only 21% of the under 26s think this way. Perceptions of being English increase with age, and this is one of the reasons why older people supported Brexit. In the survey 21% of people below the age of 26 voted for Brexit compared with 69% of people over the age of 65.

However, what is most striking perhaps is the regional variation in the voting pattern which shows a clear north/south divide in England with London voting to remain and the North voting to leave. In short, London is a vibrant multinational, multicultural and rich area whereas towns in the north demonstrates high unemployment and lack of investment.

The North is financially, geographically, culturally and strategically distant from London and Europe.

Why we voted leave: voices from northern England. I strongly recommend watching this video if you want to appreciate the northern perspective on BREXIT. This is from Mashable.com (2016):

Four days after the vote, Sheena Sumaria, an independent filmmaker, travelled to Stainforth, a village near the



northern town of Doncaster, in south Yorkshire, where 69% of the people voted to leave the EU. Stainforth is a former coal mining town that experienced bitter strikes in 1984–85 against economic and fiscal measures taken by late Prime Minister Margaret Thatcher. In the video, a social worker, Sheena Moore, drives around the village asking people how they voted, why and what they hope for.

What emerges is a picture of a neglected but angered working class who believes it has suffered immensely under successive UK governments and the EU legislation.

“It’s not about racism, it’s about class division.”

“We see the south has been privileged. When you go

to London you can see and feel the wealth. You certainly can’t see or feel the wealth here,” Moore explains in the first few minutes of the clip. “It’s an absolute depressed area,” she continues, adding that the locals “have been given a vote and they’ve put two fingers up the establishment.” “They said ‘We’ve had enough and we want change. It can’t get any worse for us’,” Moore says. “The south is putting this racist narrative out though it’s not about racism, it’s about class division.” As Moore and the filmmaker drive around the village and ask people why they voted out, immigration seems to be a constant factor, though not the only one. If you “get to the bottom” of what’s happening, the social worker says, you find out that services for those communities have been “decimated.”

CONCLUSIONS

The European Union is a large entity located in Brussels which has directly affected the lives of British people. In particular the EU promotes the philosophy of the freedom of labour within its borders. This from the British perspective results in what is for many an issue of immigration, employment and identity. The immigration issue is primarily about threats to identity and culture resulting from people coming into the country without British people being able to control events. In this respect the ‘British people’ means the voting public, and those who voted to leave, and not the British government. There were enough everyday people who did not like living in a country which they see as controlled by Brussels who voted to leave the EU. British identity whatever that is, includes the ability for many to be employed, have access to services and feel in control of who can come into the country. In other words, sovereignty. Also older people have seen their world view as having been erased by the EU. This of identity is connected to the loss of sovereignty and the EU control over immigration and Britain.

There is also a north/south divide. Certain groups of people feel let down by their country, especially in the North. They see the EU as a contributing factor through immigration and a loss of sovereignty. For example people without jobs or money do not want to risk people from other countries making the situation worse.

The British government of David Cameron and many other middle class people like myself misjudged the happy multicultural world of the south, and the reality of those who live in the North. Even though the word of business and finance sees the EU as good for business. Those people who do not have jobs or

wealth do not see not see the business and finance of the global and European world as being in anyway connected their lives.

However, only 50.1 % of the people of Britain voted to leave and whether or not this change will cause short or long term damage will be seen in the future.

What happens next is Article 50, the application for and negotiation of the withdrawal of the UK from the EU. This negotiation involves the re-establishing of trade contracts with the EU and the rest of the world. The only real problem is that as of today, both the President of the EU, and the Prime minister of France have said the UK can only

have access to the EU market without having the freedom of movement. This impasse will present many difficult negotiation problems for the UK.

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