

Britain Voting to Leave the EU: An European Earthquake of Epic Proportions

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On June 23, Britain held a referendum in which the public voted whether to remain part of the European Union (EU) or leave. While 48.1% chose to stay, 51.9% chose to leave.

The result reflected deep-seated frustrations within the British people, which had built up over an extended period of time, that neither UK politicians nor the leaders of the EU had fully recognised or made any meaningful attempt to address.

To grasp the truly momentous significance of this decision to leave the EU and its implications for

Britain, Europe and the rest of the world requires some understanding of the political, economic and social history of Europe since the 1950s.

Following the Second World War, there was a resolve among mainland European leaders, particularly the French and Germans, not to allow the rivalries that had devastated the continent over the previous decades to occur again. In 1957, six nations — France, Germany, Italy, the Netherlands, Belgium and Luxembourg — signed the Treaty of Rome with the aim of creating a single economic market for the free movement of goods and services, capital and labour.



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The economic union known as the European Economic Community (EEC) came into force ten years later in 1967. In 1973, Britain joined the club along with Denmark and Ireland. By 1986, the nine had become the twelve, bringing in Greece, Spain and Portugal, and in 1995, they were joined by Austria, Finland and Sweden.

In 1991, with the passage of the Maastricht Treaty, the EEC dropped the word “economic” from its name and soon thereafter became commonly known as the European Union. The Maastricht Treaty also heralded the formation of a common currency bloc, with member countries adopting a single currency, the euro. Britain opted out and kept its own currency, sterling.

With the collapse of communism in the 1990s, countries in Central and Eastern Europe that had previously been under Soviet hegemony were clamouring to be part of the Union and from 2004 onwards, most were brought into the fold. By 2013, the European Union had swelled to 28 member countries.

Prior to the accession of the Central European nations in 2004, the economic disparities between member countries were relatively small. There had been no compelling desire among people within nations to migrate in large number to other countries. Consequently, net migration between member states — the numerical difference between those emigrating and those immigrating — was small and manageable.

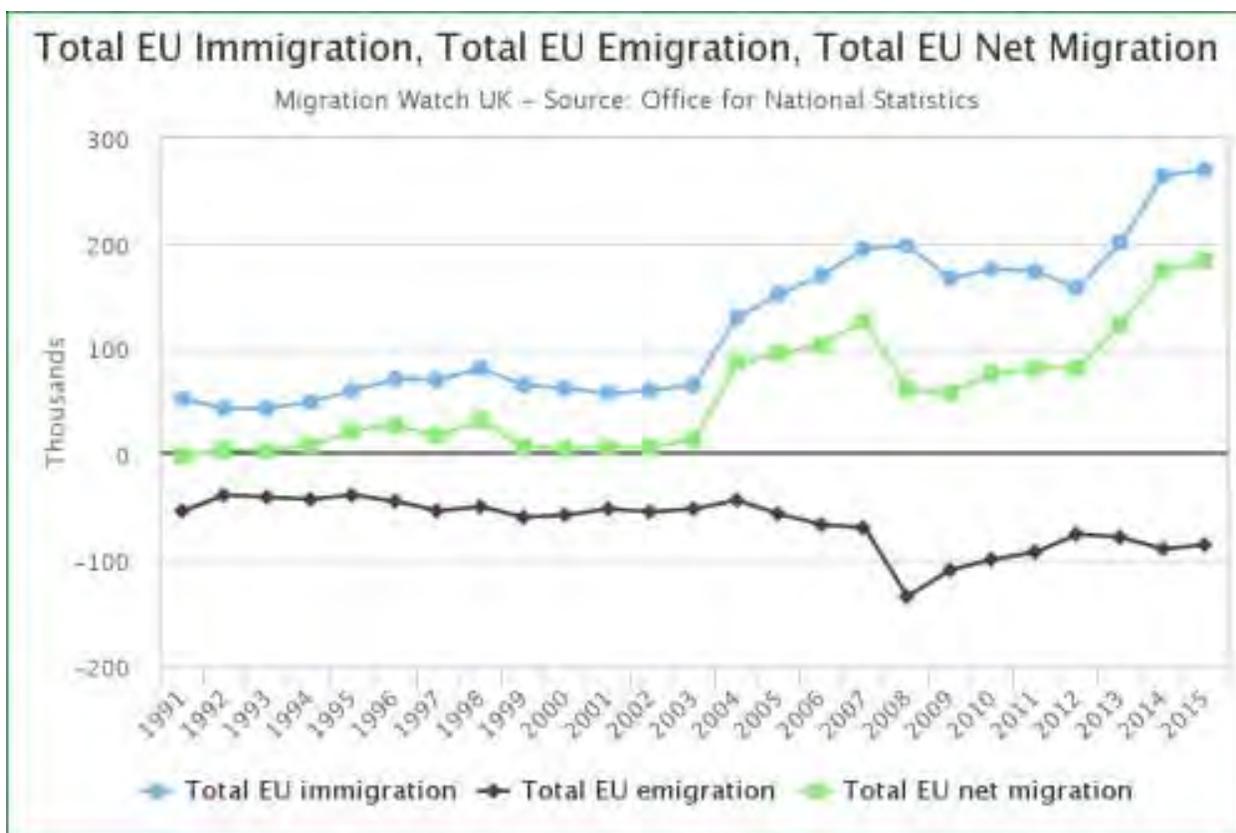
This was important because one of the fundamental principles of the EU is that the benefits and access to such public services as education and health offered to one’s own citizens must be offered to citizens of all member states.

To citizens of the newly joined states in Central and Eastern Europe, the rich countries of Western Europe and especially the UK with its English language, free health service, and generous welfare benefits acted as a giant magnet to many eager to start a new life abroad.

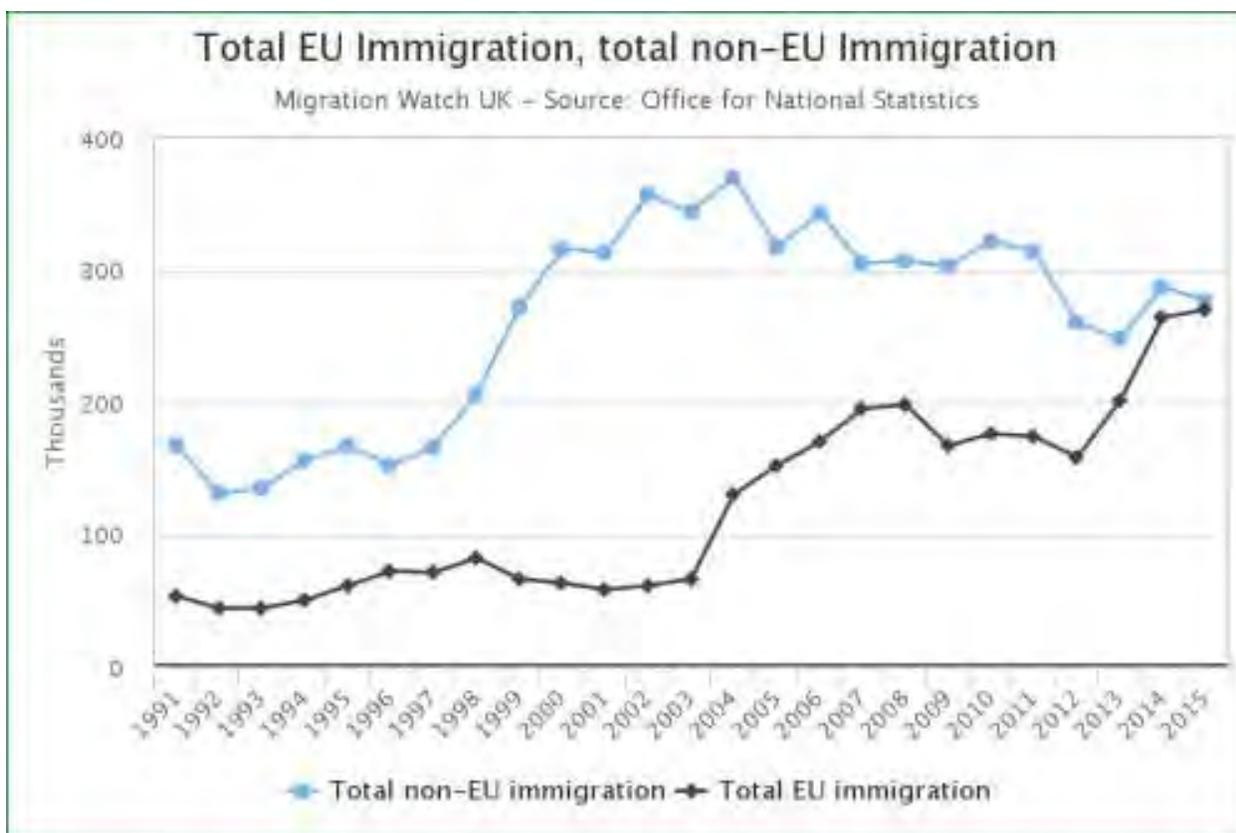
Over the past ten years, net migration to the UK from the EU has exceeded one million. This number, it should be noted, is still significantly less than the number of non-EU migrants who entered the UK during the same period. In total, the UK population has grown by 10% since 2000. The pressure of this added population is experienced by British citizens in the form of housing shortages, overcrowded school classrooms, longer waiting times for doctors’ appointments, and in the changing face of the nation’s high streets.

While studies show that migrants are net contributors to the UK economy, the lingering perception of many, especially among the working classes, is that foreign workers are responsible for depressing wages and taking away jobs (they tend to ignore the fact that many migrants perform such low wage jobs as

cleaning offices, serving in coffee shops, picking fruits and working in care homes — jobs that many British workers choose not to do).



It was these sentiments that the nascent UK Independence Party (UKIP) tapped into in the 2015 UK election. Campaigning largely on a platform of the need to wrest back control of the nation’s borders from an unelected European bureaucracy and stem immigration, they attracted a large number of votes from both main parties, but most especially from the Labour Party, whose traditional power base has been the working class. By splitting the opposition vote, UKIP allowed the Conservative Party to attain power with a surprise majority, defying the predictions of pollsters.



However, the Conservative Party itself has long been ambivalent regarding the UK’s membership of the European Union. The primary concern of the so-called Euro-sceptics within the party was a growing appropriation of national sovereignty by a European elite intent on building a federal European state. In a bid to silence the Euro-sceptics, Prime Minister David Cameron agreed to hold a national referendum.

When the referendum was first announced, it was expected the majority of people would vote to remain.

However, against a backdrop of acts of terrorism in Europe, war in Syria, and daily reports of refugees pouring into Europe's southern countries from North Africa and the Middle East, those wishing to leave grew in both strength and number.

The Remain campaign's arguments focused on the economic benefits of the Union and the likely huge costs to Britain in terms of loss of trade and inward direct investment, as well as the long-term damage to Britain's financial sector. Pronouncements by major institutions including the IMF and OECD reinforced these assertions. Janet Yellen, Chair of the U.S. Federal Reserve, and Barack Obama added their voices too.

The Leave campaign brushed off the economic arguments with "no-one really knows the future" and focussed on issues of immigration, the regaining of national sovereignty and control of the country's borders.

Ironically, when the votes were counted, it was those same voters in England who had helped the Conservative Party to take power so convincingly in 2015 by voting for UKIP instead of the Conservative's main rival, Labour, who now scuppered the hopes of the Remain campaign.

And then the aftershocks

The fallout has been immediate and immense. The exchange rate has plummeted. The Prime Minister has announced his resignation. The Conservative Party is in the throes of a leadership battle. So too is the Labour Party because many believe their left-wing leader, Jeremy Corbyn, deliberately soft-pedalled in his support for the Remain campaign. Leaders in Scotland, where the overwhelming majority voted to remain, are now talking about another referendum to secede from the UK (they had one in 2014 in which 55% of the population voted to stay) and seek their own membership of the European Union as an independent state.

Northern Ireland, a part of the UK, also voted to remain and now faces the prospect of becoming the UK's new border with the EU through the currently open border it shares with the Republic of Ireland to the south.

The vote has also highlighted deep divisions within England itself, with majorities in cosmopolitan London and the South East along with the cities of Oxford and Cambridge voting to remain and those pretty much in the rest of the country voting to leave.

But perhaps the biggest division is between the old and young. Around 75% of 18 to 24-year-olds voted to stay. Many now feel their future has been irredeemably compromised by a backward-looking, less tolerant older generation, hankering for a bygone era.

Meanwhile inside the EU, European leaders are in a state of shock and keen to act quickly to head off growing nationalism and calls for independence within their own countries. They are very conscious that these could tear their countries apart in much the same way as is happening within the UK. Nationalist movements are already very powerful in France, the Netherlands, Austria, and Greece, and gaining in ascendancy elsewhere. The whole future of the European project is at stake and, in the absence of reform, the Union may well collapse.

Looking further ahead, the UK is about to embark on a huge leap into the unknown. The dwindling of inward investment from foreign companies who use the UK as a base for their European operations and the loss of jobs within the UK's thriving financial sector promise to be as dire as predicted. If Moody's and other ratings agencies do decide to downgrade the UK's triple-A credit rating, the cost of servicing the country's huge public debt will further add to the country's woes.

People will continue to have differing views on the question of sovereignty and political control. But if the world is to move beyond nationalism, then regional blocs such as the EU, despite the many challenges and drawbacks, offer citizens of countries a chance to share a common identity with a larger number of people. If one believes, for instance, that ultimately world peace can only come about when people start seeing themselves as members of a single human family and genuinely feel that all humankind are their brothers and sisters, then being European takes people a step closer to this goal than simply being English or British. From such a perspective, the UK's decision to leave can only be a backward step.

Perhaps though there are two overarching lessons to be learned from these events. The first is that when one embarks on a journey, however wonderful the drivers believe their destination to be, they cannot just proceed with little or no regard to their passengers' concerns. They have to make sure all are on board and seated comfortably. Clearly millions of British people on the EU bus were not. They felt increasingly disenfranchised and resentful and were willing to blame outsiders for their predicament. As a consequence, Britain now faces a period of uncertainty, growing tensions and, over the longer term, probable economic decline. The same fate will likely befall Europe.

The second lesson is the danger of direct democracy. Democracy works best when we elect capable leaders with integrity and vision and then entrust them to run our country, holding them to account at every turn. It works far less well when we put epic decisions in the hands of the public through referendums and then let populist politicians and the media manipulate the outcome by playing on voters' fears and prejudices.

Graham Simon met the Unification Movement in California in 1981. He has lived in the UK, USA and Japan and worked extensively for international corporations, including IBM, Shell and Itochu Corporation. He holds an M.A. in Economics from New York University. He now lives in London and is a trustee of the FFWPU-UK charity.