

Impact of brexit on regional integration



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Brexit & Regional Integration

Executive Summary

In this paper, I will explain and analyze the key elements as to why the decision was made by the United Kingdom to exit the European Union. I will explain what Britain's role in the European Union and how their exit will impact regional integration. Lastly, I will provide my opinion of the economic and cultural issues that exist and the impact Brexit could have on the European Union.

Regional Integration

Coined “Brexit” by most, the term is used to explain how the United Kingdom is leaving the European Union. The European Union is comprised of 28 European Countries. Their partnership began after years of turmoil. It allowed European Countries to become interlocked in a trade partnership and made it less likely that they would go to war with each other. The European Union “became a single market allowing goods and people to move around, basically as if the member states were one country (Wheeler, A. H. 2019). The European Union has its own currency, parliament, and set of rules. The United Kingdom relationship to the European Union has been testing continually during this union. The United Kingdom desire for independence grew and the desire to separate increased.

Understanding the basics of the European Union will help us understand what the United Kingdom's role was in the European Union. The United Kingdom has a score of 51 in long term orientation. The score represents

that the United Kingdom is undetermined, according to Hofstede's insights, if the past is linked in dealing with current challenges. Although the United Kingdom has been part of the European Union for 42 years, there is a deep level of history that has caused the United Kingdom not to feel as one with the European Union. This started with the United Kingdom's stance against "Hitler-dominated continental Europe in 1940" (Skidelsky, 2018). This cause the United Kingdom to distance itself from the European Union. The United Kingdom was seen as the "awkward, Eurosceptical partner" (Skidelsky, 2018). The United Kingdom also refused to sign the 1957 Treaty of Rome, which allowed Rome to join the six founding countries in the European Economic Community. Germany, France, Italy, the Netherlands, Belgium, Luxembourg, and Rome stayed true to divide and conquer rule and dominated the European Free Trade Association. The European Economic Community was wildly successful, while the United Kingdom's economy stayed stagnant. This affected how people in the United Kingdom viewed the European Union. They became disgruntled and wanted the prosperity that the other countries were receiving. In 1963, the United Kingdom applied to be a member of the European Economic Community. This was driven strictly from an economic standpoint. They didn't want o for relationships with the other countries. They wanted to have access to the same trade options that the seven other members had. The United Kingdom has seen this opportunity as a way to "to escape the EEC's external tariff against British goods, by joining a more dynamic free-trade area" (Skidelsky, 2018). The United Kingdom's intentions were widely known. French President Charles de Gaulle found that the United Kingdom's intentions were insincere and not aligned with their political union. He saw the United Kingdom as hiding their

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true intentions and vetoed their request. This caused more friction. Political unification became a forefront to the European Union when the Single European Act was signed in 1986. The SEA was to create a single market within the European Community and reforming the legislative process both by introducing the cooperation procedure and by extending Qualified Majority Voting to new areas (Single European Act, 2018). The culture in the United Kingdom started to shift and approval rates of the European Union dropped. The United Kingdom did not see the vision of having a single trade for all goods and services. The cornerstone to the United Kingdom's detachment with the United Kingdom came with the Maastricht Treaty. The United Kingdom got an exemption from having to implement the euro as a common currency. The United Kingdom did not see the purpose of having a unified banking and currency system when all of the countries had separate government systems. The United Kingdom exemptions were seen as their non-willingness to unify as one single political union. This left the United Kingdom singled out and many wanted to independence from the European Union.

The United Kingdom's individualistic trait was one of the causes of the separation between the collectivistic cultures of the other countries. The United Kingdom scored at 89 in Individualism on Hofstede 6-D Model. This ranks among the highest among other countries. The United Kingdom “ is the most individualistic country in the European Union, according to a major survey of political attitudes in all 28 of the bloc's member states” (Stone, (2017). The United Kingdom is often compared to the United States. They share similar comparison traits. The United Kingdom has evolved in the past

decades. The United Kingdom “ children are taught from an early age to think for themselves and to find out what their unique purpose in life is and how they uniquely can contribute to society” (Country Comparison, n. d.). Being taught this way at an early age has made people in the United Kingdom question the country’s role in the European Union. The British started to think of the value that the United Kingdom posed by itself. The British “ have an independent view of the self as an entity that is distinct, autonomous, self-contained, and endowed with unique dispositions” (Of Brexit, individualism and prosperity, 2016). They started questioning the validity of how much they were actually gaining from this union. Having so many countries together has caused a wide range of scores for individualism. This too has caused tension. Having two mind frame of “ we” or “ I” has caused issues with moving in one direction. The United Kingdom has seen the success of countries that also score high in individualism such as the United States, Australia, Great Britain, Canada, and the Netherlands become power players in the economy and it has driven their desire to move forward independently.

The United Kingdom is a top contributor to the European Union. The European Union is using the money to level the playing field around Europe and has invested in poorer countries to private roads and infrastructure. As the U. K.’s economy improves, with a net contribution of £11. 3 billion (\$17. 4 billion) in 2013, compared to £2. 7 billion in 2008, according to official UK data (Boyle, 2015). The United Kingdom is striving to be economically independent like the United States. This would allow more trade opportunities and free-thinking as an independent country. The United

Kingdom has been having to share a single point of view for over 42 years. The European Union was a great concept to prevent war but did not help the United Kingdom reach its full potential. The underlining problem with a flourishing economy is that everyone is trying to get a piece of the market. The British feel that the European Union is hampering the trade potential that the United Kingdom could potentially have with other countries. The European Union will be impacted tremendously with the loss of the United Kingdom. The loss of the United Kingdom will impact the EU's budget. Since the United Kingdom's contributions total around 5%, the other remaining countries will need to pick up the difference. This will impact Germany greatly since they are currently the largest contributor to the European Union. They will be impacted financially if the European Union requires them to contribute more money. The European Union could also vote to reduce their spending. This will have a major effect on the poorer countries that rely on the funding for infrastructure and development.

Political power in the European Union have changed over time and have influenced the decision making on trade. These decisions have net benefitted every country in the European Union. The British have felt that they have suffered economically under this arrangement and would prosper with leaving the European Union. Migration has been a hot topic for political leaders in the United Kingdom because of the burden that they take on for having fluid freedom of movement. The United Kingdom has seen a high migration rate from old Soviet states. Workers in the United Kingdom were threatened by cheaper substitutes. This had a ripple effect and caused the British not to agree with the freedom of movement. Political officials have

been fighting the right of migrants to claim welfare benefits in the United Kingdom. The United Kingdom is also a major political component in the European Union. The United Kingdom is highly influential in the European Parliament and the Council of the European Union. This exit will cause a shift in balance. This might lead to changes in political stances.

Although the full impact of the Brexit is still unknown there has already been some signs of what might happen. I believe the benefits for the United Kingdom leaving the EU to outweigh the negative. The United Kingdom has been held back from reaching its full potential. Brexit will affect the global economy. It is projected that both the United Kingdom and the European Union will see a negative impact on trade. They could potentially become each other's largest trade partners. It is also expected that Belgium, Cyprus, Ireland, Germany, and the Netherlands will suffer from this exit. Political and economic systems are undergoing far-reaching structural changes, many of them driven by technology, trade, climate change, high inequality and mounting political anger (El-Erian, 2018). Political leaders around the world will need to start addressing these issues. The United Kingdom has already felt the implication of the exit through slow-moving changes such as the falling foreign investment. The United Kingdom is faced with the difficulty of trying to preserve its weakening productivity. With continued uncertainty, many companies and factories are focusing their investments out of the United Kingdom. They have also started relocating jobs to more financially stable countries. I believe the United Kingdom has carried the European Union for long enough. Although there will be an initial fallout from the

Brexit, the economy will bounce back and flourish. The United Kingdom will be able to openly trade with whoever they wish.

Conclusion

In conclusion, The United Kingdom has a complex history with the European Union. The United Kingdom never felt a though they were a true part of the European Union and through time they were pushed further away from the Union. The United Kingdom's individualistic trait, the desire for independent economy growth and the European Union's centralized political power caused them to seek the separation. The economic and cultural differences have pushed the United Kingdom to seek its own independence.

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