

Brexit: Leading The United Kingdom towards collapse

The voters in favor of seceding the UK from the European Union, in the nation-wide referendum held on June 23, 2016 have placed it at its most difficult cross-roads ever. Though, if Britain exits from the EU, the EU is also on the verge of losing one of its largest and wealthiest members. Now, after the Brexit vote, demand for France's exit from the EU is also brewing and the French opposition leader Marina Le Pen has already raised it very assertively. Post Brexit vote, the British and European leaders may now begin negotiating the terms of Britain's departure from the EU. But, even after the people's mandate for Brexit, a formal notice to this effect will be served to the EU by the UK, only when the British parliament would resolve for the exit. Otherwise, according to some legal experts, it would be illegal on the part of the British Prime Minister to serve a notice to the EU without parliament's approval and passage of an Act to this effect. The consequences of this secession from the EU would be huge and might be painful too for the UK, especially on the economic front in the short run, because Britain's economy, polity, administration and legal system have deeply integrated with the European continent after formation of the EU, the unraveling of those relationships may prove politically, economically and socially disruptive for Britain. British exit from the EU is going to affect the British economy, trade, commerce, immigration and lot more. It has already affected the British Pound and the British financial markets heavily. Yet, it may take years for the full consequences to become clearly visible. Though, in medium or long term they may prove to be more beneficial for the British Economy and polity.

Referendum is not binding

This referendum of people in Britain for Brexit is not legally binding. Hence, the United Kingdom cannot separate itself from the EU solely on the basis of this referendum. Article 50 of EU's Lisbon treaty, providing the procedure for exit, has to be triggered by a formal notice to the EU and it could be served only after passing an act in the parliament ratifying the referendum. Legal experts are of the opinion that the referendum alone does not empower Prime Minister David Cameron to trigger Article 50, unless a vote in parliament endorses the same. In the British Parliament, most of the MPs are in the "Remain Camp" so it is not certain whether they would be voting for something they don't agree to. Thus, the Brexit vote has put the UK in a dichotomous position. Therefore, despite the Brexit vote, where 51.9% of the voters who actually voted (72% of total voters) voting for separating from the EU, not a single step has been taken to move ahead even after so many days. If the Parliament votes against Brexit, there would be a state of conflict between the people's referendum or the people's mandate and the mandate of the parliament.

Brexit to cause problems for Britain in the Short Term

In the immediate short run period, uncertainty about Britain's future relationship with the EU, its largest trading partner, could push the UK into a recession. It cannot bargain well for access into the Europe market. Market watchers predict an "explosion of volatility" which has been quite apparent since Friday the 24th June morning as soon as the markets begun to realise the implications of Britain's exit. Both, the British stock markets as well as the Pound, have been hit.

In the medium run as well, the situation could be worse. After Cameron's resignation, Britain's prospects of negotiating a favorable deal with the EU may turn bleak. The EU may decide to strike a hard bargain to discourage other countries from leaving the EU. Or, UK's new leader might not be willing to accept the kind of restrictions that may come with a Norway-style deal. Then, it may create serious problems for businesses based in the UK.

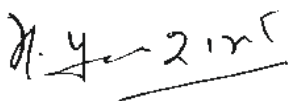
For example, the Japanese company Nissan or JLR or any other car producer which has a major production base in the UK, today, has the same safety standards and environmental standards to follow and sell anywhere in the European market.

But, if the UK leaves the EU, that company would no longer be able to sell into other European markets, not only because it would face a small tariff but also because it would have to go through another set of safety certifications. This kind of entry barriers would replicate for every industry of Britain. So, the Critics of Brexit say the economic effects would be huge and very large. The UK government too has estimated that exiting the EU might cause the British economy to shrink by 3.8 to 7.5 percent by 2030 — depending on how well negotiations for access to the European market ultimately go. Other reports have found smaller but still significant impacts.

One of the most remarkable and controversial achievements of the EU was the establishment of the principle of free movement of all EU citizens among EU countries including Britain. A citizen of one EU country had an unfettered right to live and work anywhere in the EU. Both Britons and foreigners have taken advantage of this opportunity. This was the major reason for Brexit's triumph as this had been draining out employment opportunities from Britain. Currently about 1.2 million Brits are living in other EU countries, while about 3 million non-British EU nationals live in Britain. Muslim immigrants and the surge in crime, especially against women by these immigrants was another major reason for popular sentiment being in favour of Brexit.

Problem of separatist voices in the EU

Lack of continent-wide political solidarity as a unified geo-political unit and the missing requisite political integration in that direction has led EU citizens in vast numbers to be resentful of the degree of control Brussels and its bureaucrats wield over their lives and over their national democratic institutions. This has made the current European Union a weak entity and turned its further integration inherently unsustainable. Europe could not integrate hitherto either politically or culturally for a unified and stronger centralized government and it has moreover, only a shared political system for free mobility of goods services and people. So, the separatist nationalistic voices are becoming ever louder to cause the whole system to unravel. Its consequence is the exit of Britain i.e. Brexit, and now there may also be Frexit, that is exit of France. This demand is being fuelled in France by its leader of opposition Marine Le Pe. Hence, it is true that nations cannot be built without social-cultural harmony. That is why Europe could not become the United States of Europe.



(Prof. Bhagwati Prakash Sharma)

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