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The Withdrawal of United Kingdom from the European Union: Causes and implications

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Abstract

The European Union is undoubtedly at cross-roads as the United Kingdom withdraws its membership. The process of United Kingdom's withdrawal from the European Union is what is known today as Brexit. The quest by Britons to quit the European Union was triggered by Eurosceptism (the wish to sever or reduce the powers of the EU), and started in 1977 (just two years of the UK's membership of the EU). The United Kingdom is unarguably a strategic country in a larger global system. When a part is affected, the whole will echo (implications). Opinions are however divided on the pros and cons as well as the shocks of its withdrawal. Utilizing secondary sources of data, content analysis as well as the decision-making theory of international relations, the paper examines the history and objectives of the European Union and provides insight into the causes and implications of Brexit. It discovered that the crave for globalization by the West notwithstanding, Brexit is undoubtedly a radical departure from the tenets of globalization and a warm embrace of nationalism. Nations [especially disadvantaged Third World countries] should not embrace globalization hook, line and sinker but must at all times evolve policies and decisions which are in their overall best national interests.

Keywords: United Kingdom, Brexit, European Union and Implications.

Introduction

The process by which the United Kingdom withdraws from the European Union (EU) is what is known as Brexit today. The United Kingdom (UK) joined the European Communities (E.C) in 1973, confirming membership in a Referendum in 1975. However, since 1977, both pro and anti European views have had majority support at different times, with some dramatic swings between the two camps. In the United Kingdom European Communities Membership Referendum of 1975, two thirds of British voters favoured continued European Communities membership. The highest ever rejection of membership was in 1980, the first full year of Prime Minister Margret Thatcher's term of office, with 65% opposed and 26% in favour of membership. After Thatcher had negotiated a rebate of British membership payments in 1984, those favouring the E.C maintained a lead in the opinion polls, except during 2000, as Prime Minister Tony Blair aimed for closer European Union integration, including adoption of the Euro currency, and around 2011, as immigration into the United Kingdom became increasingly noticeable. There was, according to ComRes (2015) a clear majority in favour of remaining in the E.U, albeit with a warning that voter intensions would be considerably

influenced by the outcome of Prime Minister David Cameron's on going EU reform negotiations, especially with regards to the two issues of 'safeguards for non Euro zone member states' and immigration.

The UK was not a signatory of the three original treaties that were incorporated into what was then the European Communities, including the most well known of these, the 1957 Treaty of Rome, establishing the European Economic Community (EEC). The UK's applications to join in 1963 and 1967 were vetoed by the President of France, Charles de Gaulle, who said that a number of aspects of Britain's economy, from working practices to agriculture had made Britain incompatible with Europe and that Britain harboured a deep seated hostility to any Pan European project. Once de Gaulle had relinquished the French presidency in 1969, the UK made a third and successful application for membership. (Wikipedia, the free encyclopaedia).

Thatcher resigned as Prime Minister in November 1990, amid internal divisions within the conservative party that arose partly from her increasingly Eurosceptic views. In a statistical analysis published in April 2016, Professor John Curtice of Strathclyde University defined Euroscepticism as the wish to sever or reduce the powers of the EU, and conversely Europhilia as the desire to preserve or increase the powers of the EU. As a result of the Maastricht Treaty, the European Communities became the European Union on 1st November 1993. The new name reflected the evolution of the organization from an economic union into a political union. As a result of the Lisbon Treaty, which entered into force on 1st December 2009, the Maastricht Treaty is now known, in updated form as, the Treaty on European Union [TEU], and the Treaty of Rome is now known, in updated form as the Treaty on the Functioning of the European Union [TFEU], (Wikipedia, the free encyclopaedia).

The UK Independence Party (UKIP), a Eurosceptic party, was also formed in 1993. It achieved tremendous successes. It achieved third place in the UK during the 2004 European elections, second place in the 2009 European elections and first place in the 2014 European elections, with 27.5% of the total vote. This was the first time since the 1910 general election that any party other than the Labour or Conservative parties had taken the largest share of the vote in a nation wide election. UKIP's electoral successes in the 2014 European elections has been documented as the strongest correlate of the support for the leave campaign in the 2016 referendum.

United Kingdom European union membership referendum 2016

Choice	Votes	%
Leave the European Union	17,410,742	51.89
Remain a member of European Union	16,141,241	48.11
Valid votes	33,551,983	99.92
Invalid or blank votes	25,359	0.08
Total votes	33,577,342	100.00
Registered votes and turnout	46,500,001	72.21
Voting age population and turnout	51,356,768	65.38

United Kingdom European Union Membership Referendum 2016

Source: Electoral Commission; UNDESA (UK VAP); US Census Bureau (Gilbratar VAP).

The result was announced on the morning of 24 June: 51.9% voted in favour of leaving the European Union while 48.1% voted in favour of the United Kingdom's continued membership of the European Union. A petition calling for a second referendum which was endorsed by more than four million signatures was however rejected by the government on 9th July, 2016 (Adam, 2016).

Withdrawal from the European Union is governed by article 50 of the Treaty of European Union. Under article 50 invocation procedure, a member notifies the European Council and there is a negotiation period of up to two years, after which the treaties apply. Following the referendum result Cameron resigned and said that it would be for the incoming Prime Minister to invoke article 50. The Supreme Court ruled in the Miller case in January 2017, that the government needed parliamentary approval to trigger article 50. After the house of commons overwhelmingly voted on 1st February 2017, for the government's bill authorizing the Prime Minister to invoke article 50, the bill passed into law as the European Union (Notification of Withdrawal) Act 2017. Theresa May signed the letter invoking article 50 on 28th March 2017, which was delivered on 29 March by Tim Barrow, the UK's ambassador to the EU, to Donald Tusk (Wikipedia, the free encyclopaedia).

Theoretical Framework

The analytical tool for this work is hinged on Decision-Making Theory. Decision-Making theory which is rooted in “intent” was expounded by Richard Snyder and Glenn Paige in June 1954, to analyse post Second World War international political behaviour. The theory has been reputed to be very useful in understanding how decisions are made in international relations. The theory assumes that states are actors in the international arena who take rational decisions in furtherance of their national interest. (Isaak, 1975).

Politics involves the making of decisions which are in effect judgments about how to gain a particular objective in a given situation. While the decision maker is the focal point, he is not viewed as operating within a vacuum. His environment, the situation in which he finds himself, is recognized as an important factor, both as a shaper of the objectives which he is trying to achieve and as a set of limits which helps to determine what he can do and cannot do in seeking his goals. Snyder evolved the process analysis which harped on time and change and concerned with sequences of (behavioural) events, involved the study of the change in relationships and conditions. (Isaak, 1975).

There are three main sets of stimuli in decision-making viz: the internal setting, the external getting and the decision-making process. The internal setting is the society for which the officials make decisions. It includes, besides public opinion, major common-value orientations, major characteristics of social organizations group structures and functions, major institutional patterns, basic social processes (like adult socialization and opinion formation), and social differentiation and specialization. The external setting consists of the actions and reactions of the other states (meaning the decision makers in those states) and the societies for which they may act and the physical world. Thirdly, there are the decision-making processes which are generated within government organizations and of which they are a part. The decision making process according to Varma (1999), consists of three main sub categories (1) spheres of competence (2) communication and information and (3) motivation. They include the roles, norms and functions within the government in general and the particular unit which makes the decisions. The decision-making framework, thus, embraces a complex and inter-dependent set of social, political and psychological processes.

Snyder and Paige argue that the decision by the United States (USA decision-makers) to resist the invasion of South Korea by North Korean forces was to protect our national security and to avoid World War III. The United States intervened in Korea because President Truman and his advisers decided that certain basic values were worth protecting and these objectives have to be related to military intervention (sited in Isaak, 1975).

According to Amstutz (1999), states are coherent actors whose decisions are governed by the conscious maximization of interest. Goal setting and ranking, consideration of options, assessment of consequences and profit maximization are some of the basic elements of decision-making ([Hhttps://en.wikipedia.org/wiki/foreign-policy-analysis](https://en.wikipedia.org/wiki/foreign-policy-analysis)). Amstutz (1999) gave a very incisive calibration of decision-making thus:

- Accurate and thorough definition of problems.
- Identification of goals and interest
- Prioritization of goals and interest
- Alternative strategies for pursuing goals are identical
- Policy alternative are assessed in light of potential consequences
- The optimum strategy is selected in light of anticipated policy outcomes (Cited in Nwaorgu & Chigozie, 2016).

The theory is very suitable for the study as interest Juxtaposed with consequence are the underpinning factors that precipitated Brexit. Interest being a shared attitude concerning a chain of claims made by one group upon certain other groups in a social system. Security, economic, political and cultural interests amidst other interests were considered to arrive at Brexit. The three main stimuli in decision-making viz: the internal setting, external setting and the decision-making processes were optionally utilized. The climax of it all was evidenced in the 2016 referendum, the February 2017 House of Commons nod and Theresa May’s invocation approval of article 50 on March 2017.

History and objectives of European union

The European Union (EU) remains the most outstanding of all the regional groupings. The idea of European Union unity is not altogether new. There was a measure of unity during the time of the Roman Empire, then under the rule of

Charlemagne, and later under Napoleon Bonaparte I. In such cases, unity was based on force and conquest. After the World War II in 1945, a number of war ravaged countries felt a strong need for unity based on cooperation. It was unity motivated by the need for greater security and economic recovery (Aja, 2002).

Awake (2000:4) lists some of the historic steps leading to the formation of the European Union, which has adopted Euro as a common, convertible currency zone to challenge the Dollar and Yen of the USA and Japan respectively, thus:

- 1948 - Hundreds of European political leaders gather in the Hague, the Netherlands, and vow: “we will never war among ourselves again”
- 1950-France and Germany began to cooperate in order to protect their coal and steel industries. More countries joined them, and this led to the formation of the European Coal and Steel Community (ECSC). The ECSC started operating in 1952 and includes Belgium, France, Italy, Luxemburg, the Netherlands and West Germany.
- 1957. The six ECSC members formed two other organizations: The European Economic Community (EEC) and the European Atomic Energy Community (Euratom). 1967: the EEC merged with ECSC and Euratom to form the European Community (EC).
- 1973-The EC admitted Denmark, Ireland and the United Kingdom.
- 1981-Greece joined the EC
- 1986-Portugal and Spain joined the EC
- 1990-The EC further enlarged when West Germany and East Germany merged, bringing the former East Germany into the organization.
- 1993- Efforts towards greater economic and political union of EC members led to the creation of the European Union (cited in Aja, 2002).

Objectives of the European union

The broad objectives of the European Union are to:

- Eliminate cross-border trade barriers
- promote technical cooperation, which would in time lead to political union;
- Maintain tariff wall for non- members.
- Harmonize monetary currency union
- Promote common foreign and security policy.

The most historic is the introduction of a monetary union designed to alleviate fears of investors from the US, Japan and the rest of the world on monetary instability which could wipe out profits made on an international project. A single monetary currency in Europe would constitute the largest market possible in the world with a population of 370 million (Aja, 2002).

Causes of Brexit

One of the primary reasons for Brexit is the apprehension by common Britons that their country’s sovereignty has waned under the EU. They were of the opinion that they were losing as a country because everything gets decided in Brussels (capital of the EU) and that they would be more independent if they quit the EU.

The ordinary Briton was concerned about immigration and the influx of foreigners into their country. This influx have dislocated some of their cherished values. The influx equally meant that the citizens of the UK had to compete and share available job opportunities with foreigners. The UK government did not keep pledges to dramatically reduce immigration, much of it from recent EU accession countries from Eastern Europe and there was substantial overlap between Brexit voters and regions heavily impacted by immigration. Murray (2017), disclosed that the UK absorbed 333,000 new people mostly Eastern Europeans who have come to Britain to do a job. Nigel (2017), an anti-immigration campaigner and leader of the far-right UK Independence Party, have argued that the flood of immigrants from Southern and Eastern Europe has depressed the wages of native-born British workers.

The UK’s rejection of the EU marries traditional British euroscepticism with general western disillusionment with globalization, simmering since the 2008-09 financial crisis. It is the furthest step yet in the pattern of right and left wing

populist insurgency against elite political and economic establishments, and probably a harbinger of political shifts in Western Countries against globalization. Brexit undoubtedly is a gradual walk away from globalization to nationalism (<https://www.controlrisks.com/en/our-thinking/analysis/the-global-implications-of-brexit>).

Brexit is the outburst of an age long opinion held by Britons which have spanned decades. There has been palpable eurosceptic sentiments against UK's continued membership of the EU even as early as 1977, just after two years of membership. Thatcher resigned as prime minister in November 1990, amid internal divisions within the conservative party that arose partly from her increasingly Eurosceptic views.

Implications of Brexit

Implications on the United Kingdom, the Institute for Fiscal Studies published a report funded by the Economic and Social Research Council warning that Britain would loose up to £70 billion in reduced economic growth if it didn't retain single market membership, with new trade deals unable to make up the difference. One of these areas is financial services, which are helped by the EU-wide "pass porting" for financial products, which the Financial Times estimates indirectly accounts for up to 71,000 jobs and £10 billion of tax annually and there are concerns that banks may relocate outside UK. Brexit requires relocating the offices and staff of the European Medicines Agency and European Authority currently based in London. The EU is also investigating the feasibility of restricting the clearing of euro-denominated trades to Euro zone jurisdictions, attempting to end London's dominance in this sector.

The UK received more from the EU for research than it contributed with universities getting a large proportion of their research income from the EU. All funding for net beneficiaries from the EU, including universities, was guaranteed by the government in August 2016, before a newspaper investigation reported that research projects were reluctant to employ British researchers due to uncertainties over funding.

As predicted before the referendum, the Scottish Government announced that officials were planning a second independence referendum on the day the UK voted to leave and Scotland voted to stay. In March 2017, the SNP leader and first Minister Nicola Sturgeon requested a second Scottish independence referendum for 2018 to 2019 (before Brexit is to take effect).

Brexit is likely to generate stricter immigration policies between the UK and its European neighbours. For instance on 23 March 2017, it was confirmed that British immigration officials would not be allowed to use Irish ports and airports in order to combat immigration concerns following Brexit. In the same vein, the president of the regional council of Hauts de-France, Xavier Bertrand, stated in February 2016 that if Britain leaves Europe, right away the border will leave Calais and go to Dover. "We will not continue to guard the border for Britain if it's no longer in the European Union". (Wikipedia, the free encyclopaedia).

It is likely to worsen terrorism as Islamic State (IS) is celebrating the Brexit vote, which it described as a motivation to conduct further terrorist attacks in Europe. IS has always been opportunistic and the referendum result predictably prompted calls for further attacks in Europe, specifically the UK, Belgium and Germany. The run up to the vote was marked by the apparent political killing of pro EU labour member of parliament Jo Cox by an assailant with links to some far-right organizations(<https://www.controlrisks.com/en/our-thinking/analysis/the-global-implications-of-brexit>).

However, many Britons differed from the fears being canvassed of Brexit. They are of the opinion that it would translate to a boost in the economy of the UK. The UK is the second biggest financier of the EU after Germany. In 2015, the UK contributed a whopping £11.5 billion to the EU. If this money were re-ploughed into the UK's economy, it will surely better the lots of its citizens. (Wikipedia, the free encyclopaedia).

There is no gain saying the fact that the UK will remain a key player on the world stage. The UK will have and enjoy the freedom to decide its own destiny. However, according to BBC News (2017), "extricating the UK from the EU will be extremely complex, highly unpredictable and the process could drag on longer than that".

Implications on the Third World, The impact of Brexit on developing countries depends on the shock and transmission channels of that shock. Less Developed Countries (LDCs) as a group will see their exports decline by 0.6% (or \$ 500

million). The Most acutely affected countries will be those that export in relative terms a lot to the UK such as Bangladesh, Kenya, Mauritius and Fiji.

There have already been weaknesses in currencies and stock markets of affected countries. For instance, India woke up to the Brexit shock on Friday 24 June, 2016 with the United Kingdom deciding in a referendum to move out of the European Union. The Stock Markets crashed, and the Rupee fell. Even as panic was slowly setting in, finance ministry officials stepped in with words of assurance. The Bombay State exchange Sensex, which had crashed 1000 points in the morning recovered enough to close reasonably well.

Immigration and remittances appear bleak as lower immigration into the UK will mean less UK growth which will affect development negatively. In addition the development effects through UK remittances are undoubtedly negative because of the 10% devaluation of the pound. The countries most dependent on UK remittances include least developed countries such as Uganda; Kenya, Mauritius, South Africa, Nigeria, India etc (Mendez-para *et al*, 2016).

Brexit will have short term negative impact on sub-Saharan Africa, mainly through general volatility and increased political risk aversion to emerging and developing markets. Countries with dense UK relations could see a more significant impact. Brexit could have an impact on the UK's development assistance commitments in sub-Sahara Africa. There are equally fears that Brexit may resonate self-determination agitations across the globe, Africa inclusive. This is premised on the assumption that whatever is good for the geese should equally be good for the gander. The Africa-wide development agenda, as championed by the African Union (AU) is based on regional integration and the formation of an African Economic Community (AEC) using its Regional Economic Communities (RECs) as building blocks. It aims at creating free trade areas, customs unions, a single market, a central bank and a common currency. Oyewole (2017), contended that the current continental agenda, Agenda 2063, sets a vision for the creation of an integrated, developed and peaceful Africa by 2063. He however warned that Africa's current leadership must learn from the British experience that the "marginalized" in society will not always stay pliant, complacent or silent. It is only a matter of time before "Africa's excluded" push back and demand to be seen, heard and included in shaping their own destinies and in sharing in the wealth of their nations. With the current restlessness and frustration of large numbers of poor, unemployed and disempowered Africa youth, nothing tells us that an "Africa Spiral" will not follow the "Arab Spring" (Oyewole, 2017).

The Central Bank of Nigeria is however of a different view and said that the decision of the British people to leave the European Union (EU) will boost Nigeria's foreign exchange policy. It submitted that Brexit would boost Nigeria's Forex policy as interest rates are likely to stay low in the US, channeling foreign investors to Nigeria. The Financial Market Dealers Association of Nigeria equally said that the negative impact of the immediate consequences on Nigeria is not likely to be significant as Foreign Direct Investments have been virtually non-existent in the past years. Relationship has been more historical because of the colonial bond (Vanguard, 2016).

Global Implications, Brexit is a crisis of globalization and yet another indication of resurgent nationalism in global affairs. Brexit will strengthen nationalist political movement across Europe, and sharpen lines of international confrontation and competition. The Obama administration came out forcefully against Brexit, as did Democratic presidential candidate Hillary Clinton. It is primarily concerned that Brexit damages Western solidarity and undermines the Liberal democratic order promoted by the US since the end of the second World War. The US is also concerned that Brexit will increase the drift in US-UK military and strategic relations since the end of the Iraq war (2003-09).

The UK is one of the major supporters of both free trade and multilateralism, alongside the US, even in the face of mounting popular opposition to both. The UK In particular was a major supporter of the stalled US-EU Transatlantic Trade and Investment Partnership (TTIP). Brexit, however, will eject the UK from the TTIP negotiation. Brexit will force the UK out of many pending trade deals involving the EU. Similarly, Brexit will no doubt force the UK out of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) which was concluded in 2014 but still requires ratification. The Brexit shock increases the likelihood of a global economic down turn. Brexit could stimulate global slowdown, or even recession. It would force a reappraisal of political risk across Europe and in many emerging markets, and potentially cause financial and currency volatility, effect increase in financing costs for emerging market sovereigns and companies. However, the group of seven most industrialised countries of the world (G7), which includes the UK, stated that it is prepared to respond to market volatility in the wake of the vote.

The withdrawal of the UK from European union may salivate the quest for a referendum to quit the EU by other countries. In Netherlands for instance, an EU referendum remains unlikely, but is likely to dominate the political agenda until the 2017 elections. Geert Wilders, leader of the controversial right-wing Freedom Party (PVU, the largest party based on intension to vote figures), has called for a similar in-or-out vote. Brexit will strengthen the populist surge across Europe. Both right and left –wing populist parties will call for increased autonomy and to varying degree, for powers to be transferred back to member states (Oitermann, 2016).

The UK, however, will further strengthen its relationship with China. The UK has assiduously courted Chinese investment and will continue in that drive. It is likely to retain strong bilateral relations with Saudi Arabia and the Gulf states, but these states will be concerned about the UK becoming a weaker and more distracted partner. However, the country stands to become even less relevant to North Africa and the Sahel region, where the EU and France are the main Players. Brexit could provide a platform for more independent UK engagement with Iran, but that depends heavily on the direction of government.

Brexit benefits Russia's confrontation with Europe and the US. Russia's position is strengthened by anything that undermines EU political cohesion and NATO security cohesion. European disarray in the post-referendum period could provide Russia with an opportune moment to strengthen its position in the Baltic region and Mediterranean Sea (<https://www.controlrisks.com/en/our-thinking/analysis/the-global-implications-of-brexit>).

Conclusion and Recommendation

No country can achieve a state of autarchy or autarky but it is still necessary that states should take rational decisions to further enhance its national interest. The UK has spoken and it was done in the best democratic fashion of a referendum. The UK has decided to quit the European Union because its best interest can no longer be guaranteed. It should be noted that the UK before now is one of the champions of globalization. Globalization in a nutshell means openness and world without boundaries. The champions of globalization today all emerged from economic nationalism and protectionism. The UK has realized that it can no longer regulate immigration into its shores and this has exposed it to countless security risks. Some of its cherished values have equally been dislocated. This is a wake-up call for other nations especially the Less Developed Countries, who accepted globalization and anything Western, hook, line and sinker. Nation-states should therefore, in line with the Decision-Making theory, always consider their internal and external settings, and take rational decision for purposes of national interest in line with political realism, the wind of globalization notwithstanding.

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