

Brexit: Issues, Challenges and Prospects

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Abstract

The European Union (EU) is the world's largest and most successful example of regional economic and political integration. With elaborate political institutions like the EU Commission, Court of Justice and Parliament, it reveals itself as the most supranational unifying institution in history. By this level of integration, the EU is on its way to fulfilling the mega federal idea of its founding fathers couched in the Europeanization policy. Economically, the EU is the largest single 500 million Euro citizen market with free flow of goods, services and capital. Despite the laudable achievements of the Union represented by its eastward expansion, the successful creation of the Eurozone and the accompanying booming prosperity rather have resurrected the xenophobic fears and deadly nationalism buried with World War II. Anti-globalizers and the old in the United Kingdom voted to take control of British borders and market in order to recover their lost prosperity exemplified by available jobs being grabbed by immigrants. The Brexit, an anti-immigration reactionary move is a grave national error and only dexterous negotiations with the EU will save Britain from its unfounded fears and the repercussion that Brexit stands to spring.

Key words: Great Britain, Immigration, Political integration, The European Union.

Brexit : Enjeux, Défis Et Perspectives

Résumé :

L'Union européenne (UE) est le plus grand et le plus bel exemple de l'intégration économique et politique régionale. Avec des institutions politiques comme la Commission européenne, Cour de justice et le Parlement, il se révèle comme le plus unificateur dans l'histoire de l'institution

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supranationale. Par ce niveau d'intégration, l'UE est en passe de satisfaire la mega idée fédérale de ses pères fondateurs rédigés dans l'euphémisation des politiques. Sur le plan économique, l'UE est le plus important de 500 millions d'euros sur le marché citoyen avec libre circulation des biens, des services et des capitaux. Malgré les louables réalisations de l'Union européenne représentée par son expansion vers l'Est, le succès de la création de la zone euro et de l'essor de la prospérité plutôt ont ressuscité le nationalisme xénophobe craintes et mortelle enterrés avec la seconde guerre mondiale. La mondialisation et l'anti-vieux dans le Royaume-Uni a voté pour prendre le contrôle de la frontière et marché afin de récupérer leur prospérité perdu illustré par les emplois disponibles étant saisi par les immigrants. Le Brexit, un réactionnaire anti-immigration est une grave erreur nationale et que les négociations avec l'UE agile permettra de sauver la Grande-Bretagne de ses craintes non fondées et la répercussion que Brexit se tient au printemps.

Mots clés: Grande-Bretagne, de l'Immigration, l'intégration politique, l'Union européenne,

Introduction

Brexit, the debate and referendum for Britain to leave or remain in the European Union (EU) was conceived in 2013. In January of that year, the then British Prime Minister, David Cameron confronted by a hard line Euro skeptic leader of the United Kingdom Independence Party (UKIP) Nigel Farage, demanding for a solution to UK's loss of sovereignty, control and prosperity to the EU, promised a renegotiation and a referendum on the future of Britain in the EU (The Economist, 2016). Britain had long been a Euro skeptic which explains largely why the country was not one of the six founding members of the European Coal and Steel Community (ECSC) in 1951). The country's transactional relationship with the Community leaned heavily on a cost and benefit evaluation of membership until 1973 when it was admitted into the European Community. Even then she was lured by the impressive results of continental economy of the 1960s (Spice, 2016). The country had always worried about loss of sovereignty and control to supranational institutions in the EC, a bother sustained long after it became a member. For instance, under Margaret Thatcher in the 1980s, the country fretted deeply about EU's tougher labour and social regulations. Britain again was worried about migration and opted out of the Schengen area regulated by the borderless provisions in the EU treaty and Euro zone in order to maintain border controls and financial regulations which the former and the latter forbade.

British conservative and skeptical attitudes toward European integration were in sharp contrast with the aspirations for a United Europe that began to crystallize after the end of World War II. The intellectual foundation for a Federation of European states was laid by the German Philosopher, Immanuel Kant in 1795 in his essay "Towards Heavenly Peace" that stressed the importance of peace within European states through a voluntary federation (Glendinning, 2016). Kant argued for a three conception of a future Europe that would be 1) a region of interconnected but autonomous nation states, 2) a federation of such states and 3) a single united Europe. Kant's

preference was for a Europe as a region interconnected by sovereign states realizing the near impossibility of giving up sovereignty by the states. Similarly, the French author, Hugo Victor in 1849 also envisaged a future Europe in a Union as a higher community without discarding particularities or well known individuality of her states in the spirit of European brotherhood. That envisaged Europe of a higher community would experience battlefields of the markets and not wars, leveraging free trade in ideas and material formations guaranteed by ballot papers and not bullets. These projections were on the ashes of a devastated Europe that experienced bloody wars from 1870 to 1945. European political leaders therefore came to the conclusion that only economic and political integration would provide peace for their countries thereby overcoming the hitherto prevailing history of antagonistic nationalism which Germany and France had been precursors (Lacroix and Nicolaidis, 2010).

The early efforts at economic integration were without British input as the UK watched from a distance to be certain about the gains of the process. The UK remained skeptical of European integration even long after she joined in 1973 and would insist on provision for an exit clause in the European Union Treaties. This was to ensure that there was an opening for possibility of leaving the union anytime the need would arise. The Euro crisis that hit Greece, Turkey, Spain and Portugal and the unprecedented immigration crisis in the wake of the wars in Afghanistan and Syria fittingly provided the impetus for Brexit. In this piece, the theoretical foundations for European integration, the fears within the EU in general, the issues that informed Euro skepticism in Britain shall be examined with a view to highlighting the nuances and challenges of post Brexit for the UK. The prospect of Brexit for Britain, Europe and particularly for developing countries with anti-integration (secessionist) tendencies will be explored. Foreign policy options shall be tied in the conclusion.

Integration Theory: The Appeal of Regional Integration

Regional integration broadly describes a process and a state of fusing cooperation between separate political entities. As a process, integration proceeds from a federalist or functionalist frame. The federalist idea is framed to suggest that local, regional and national authorities should cooperate and complement each other (Riker, 1964, Elazar, 1987). The functionalist approach rather emphasizes gradual transfer of sovereignty from national to community level (Wallace, 1999; Mattli, 1999; Dosenrode, 2010). This procedural phenomenon leads to a new state of affairs such as “the attainment within a territory, of a ‘sense of community’ and of institutions and practices strong and widespread enough to assure, for a long time dependable expectation of ‘peaceful change’ among its population” (Deutsch, 1964, p.5). The federalist notion of integration was framed with reference to amalgamation as Deutsch (1957, p.5) conceives a “formal merger of two or more previously independent units into a single larger unit with some type of government”. Integration along this political trajectory seems to reflect high politics of which states feel strongly about issues within their realm such as security and are sagaciously reluctant to concede to any external authority. Haas’s (1958, p.16) conception of integration underscores these elements of

the “process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities to a new centre whose institutions, possess or demand jurisdiction over the pre-existing national states”.

Lindberg’s (1963) neo-functionalist sense of integration reflected in the conceptualization of the process in continuum. Political integration to Lindberg (1963, p.6) is

- (1) the process whereby nations forgo the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make joint decisions or to delegate the decision-making process to new central organs; and (2)
- the process whereby political actors in several distinct settings are persuaded to shift their expectations and political activities to a new centre.

Integration fundamentally involves development of collective decision making on a wide range of functional areas through an institutional framework. The scope of functions relates to institutional capacity as means to efficient functionality. Collective decision making de-emphasize autonomy of national governments by ceding to joint actions in cooperation and complementarities of the states involved in an integral process (Lawsen, 2008). Functionalists like David Mitrany and Neo-functionalists like Ernst Haas and Leon Lindberg weighed in on the central issues in integration theory that are tied functional scope and institutional capacity which in turn relates to ‘high’ and ‘low’ political issues. Functionalists and neo-functionalists underscore the distinction between power or military issues (high politics) and welfare concerns (low politics) and suggests that the latter offers higher potentials for the pursuit of common interests. It was hoped that with time progress on welfare issues would spur fundamental political outcomes such as peace through a “working peace system” which would bring the nations together rather than set them apart (Mitrany, 1966). Functionalists therefore argued that international “organizations be established and invested with competences to execute common interests”. This means that international institutions would be shaped according to the functions which they were actually intended to perform in the interest of actors” (Gehring, 1996 p.228). Framed in this context to achieve integration, institutions become indispensable in supporting the realization of the objectives of integration. In order words, integration would be hard to achieve without institutions activating functional cooperation.

Conceived broadly as a technical process given the role of institutions, functionalists and neo-functionalists emphasize the progressive development of integration and pointed to the “spillover” effects of collective decisions implemented by institutions on common interest issues. Cooperation may be limited at the initial stage but would expand over time. Gleaned from an institutional angle, “spillover” means a positive feedback mechanism pointing to the possibility of self-supporting social processes that start modestly, gain dynamics and may over time produce dramatic outcomes (Schmitter, 1970). The question of the relevance of sub-national actors was raised to deal with the role of citizens as elites or groups. Their role is critical for sustainability of integration if not for anything; their cooperation and support. The totality of integration points to

the emergence of a political community over the pre-existing national arena and with the anticipated shift in loyalty of elites from national to supranational; their cooperation is inevitable if integration would be realized. The emergence of supranational institutions and the transfer of necessary competencies threatened the role of nation states in at least relative terms since new actors were expected to assume control even in an impartial degree at both supranational and sub-national levels. This amounted to the loss of sovereignty, technically, a situation that sustained British skepticism of European integration.

Roots of European Integration

The notion of European integration that would evolve into the European Union as a symbol of the mega European federalist state was conceived in the aftermath of WW II. By the 1940s, Coal and Steel were considered as the highest sources of all military power and these were produced in greater quantity in Europe than elsewhere in the world. Robert Schuman, the then French Foreign Minister proposed on 9th May, 1950 closer cooperation between European countries producing Coal and Steel as the “first concrete foundation of a European Federation” (McIver, 2011, p.3). Schuman had argued that if countries shared resources and relied on others for key raw materials, they would refrain from going to war with each other. In 1951, some Coal and Steel producing countries in Europe responded to this call by establishing the European Coal and Steel Community. The six premier countries were Belgium, France, West Germany, Italy, Luxembourg and the Netherlands (El-Agraa, 2001). This community was created for the purpose of establishing a common market in Coal and Steel. It was also a strategic response to the emerging Cold War political template. In the post war period the community was perceived as a strategic way of securing peace through functional cooperation between victors and the vanquished of World War II under an institutional arrangement that promised equality to member states. These were the fundamentals established under the Treaty of Paris in 1951 that founded the ECSC.

Given the import of the atom bomb on WW II, the strategic consideration for nuclear energy was also developed among European states and was linked quickly to the ECSC to harmonize military resource policy. In 1957, the founding members of ECSC then created the European Atomic Community to coordinate nuclear energy research and other peaceful means of nuclear energy. At the same time, the ECSC was transformed into a European Economic Community (EEC) giving a broader impetus to the organization. The Economic Community was built around the free movement of workers, goods and services. It abolished custom duties on manufactured goods and created common policies in agriculture and foreign trade. These were formulated under the Treaty of Rome in 1957. Ten years later the EC harmonized its institutions into a Parliamentary Assembly, the Court of Justice and established a Commission that replaced the High Authority executive and created a Common Council (El-Agraa, 2001).

European integration moved in phases of unequal expansion from six members in 1951 to Nine in 1973 including Denmark, Ireland and the United Kingdom. The relative success of the EC induced the triad to apply for membership and were admitted in 1972 after extremely grueling

negotiations that France under Charles de Gaulle vetoed in 1961 and 1967 respectively (Guzetti, 1995). This first expansion saw the broadening of the task of the EC that extended to social, regional and environmental issues. The Community expanded southwards in the second phase in 1981 when Greece was admitted and the third phase when Portugal and Spain joined in 1986 (Dedman, 2010). In the fourth phase in 1995, Austria, Finland and Sweden also accessed membership of the union.

The structural transformation of Europe as a result of the collapse of the Berlin Wall followed by the German unification on 3rd October, 1990 completely reconfigured Europe. With the fragmentation of the former USSR in 1991, new independent nations emerged in Eastern Europe, thus transforming the entire political structure of Europe. Through the disintegration of the Balkans particularly the fragmentation of the former Yugoslavia, more European states emerged. In response to the new structure of Europe, member states of the EC sought to enhance inter-state ties in reaction to the dramatic changes the continent was going through by renegotiating a new Treaty agreed at the Maastricht European Council in Spain in 1991 (Dedman, 2010). The Treaty changed the EC to the European Union and entered into force in 1993. The Treaty set an ambitious agenda for members to achieve a monetary union by 1999, creation of new common policies in agriculture and trade. A European citizenship was also agreed with a common foreign and security policy including internal security (The Economist, 2016).

The fourth round of EU enlargement was then set once the Maastricht Treaty came into force by 1993. By 2004, after pain staking and difficult negotiations, the largest expansion of the EU was concretized with the admission of ten members most of which were from Eastern and Central Europe. These include Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta and Poland. Others were Slovenia and Slovakia (Dedman, 2010). The new members hoped to benefit from the dynamism created by the take off of the Euro on 2nd May, 1998 especially the availability of new jobs by the dynamic forces of free trade. Further reforms were introduced by the Amsterdam Treaty of 1997 which entered into force in 1999 and strengthened the Union's policies and powers and made its Parliament a joint legislature for all member states. The Nice Treaty of 2000 that entered into force in 2003 laid the background for adoption of the new ten entrants. The Nice Summit also unanimously adopted the European Charter on Fundamental Rights. Thus, since May, 2004, the EU was enlarged to accommodate twenty (25) members and still counting as two countries had already been granted candidate status in the same year. In 2007 Bulgaria and Romania had accession confirmed while Croatia joined the EU in 2009.

The EU is the largest and most successful example of regional economic and political integration. With elaborate political institutions like the EU Commission, Court of Justice and Parliament, it reveals itself as the most supranational institution in history. It further shows that the EU is on its way to fulfilling the mega federal idea of its founding fathers. Economically, the Union is the largest single 500million citizen market with free flow of goods, services, capital and persons. It operates a visa free and without border controls within the Schengen countries to which Britain and Northern Ireland are exempt (The Economist, 2016). The EU operates a common

currency the EURO within the Euro zone of the EU which Britain was not a part of. The Euro zone consists of 19 of the 28 member states. The currency is however used in non EU countries such as Kosovo and Montenegro and micro states like Andorra, Monaco, San Marino and Vatican City (Cameron, 2010). The Lisbon Treaty of 2009 amended both the Treaty on European Union and the Treaty establishing the European Community. The Treaty of Lisbon has provided for a more democratic and transparent Europe with a strengthened role for the European Parliament and national parliaments giving more voice to citizens on broad issues. It also moved towards a more efficient Europe with simplified working methods and voting rules. The Treaty recreated a Europe of rights and values, freedom, solidarity and security by adopting the charter of Fundamental Rights in European primary law. Europe as an actor on the global scene was reenergizing to give the continent a clear voice on the world stage. The Treaty in this way harnessed ‘Europe’s economic, humanitarian, political and diplomatic strengths to promote European interests and values worldwide, while respecting the particular interests of the member states in foreign affairs’. No doubt the EU has progressed as a resilient regionally integrated body expanding from 6 members in 1951/1953 to a large body of 28 members by 2009 and still open to willing countries. This expansion has been rapid considering the time frame and the political and cultural diversity in Europe. The collapse of the former Soviet Union and the disintegration in the Balkans no doubt precipitated the expansion of the EU. The European Union integration even with its exemplary success has not been without challenges. To these challenges assailing a very successful model of integration shall we now turn to.

The fears and anxieties in the European Union

While it is indisputable that the EU has long been the most developed example of regional integration, it has also not been without its anxieties and fears. These have arisen from internal combustion of the diversity inherent there in socially and economically. Europe is as culturally diverse as Africa with a mosaic of religious contradictions (Stelzenmuller, 2016). It is also variegated economically with more prosperity in the North than South of Europe. This disparity has been a source of challenge to the integration project. This concern is exemplified by the economic crisis that has affected profoundly Southern European countries since 2008. The EU has been severely shaken by the global economic meltdown that got worse by 2010 and has been exacerbated since 2012. Worse affected are Ireland, Greece, Spain and Portugal with heavy public debts. The severity of the financial crisis led to speculation about the collapse of the EU given the number of countries affected and the contagious possibility. Two factors had coincided here to create challenges for the EU. First, the financial crisis occurred at a time of relative decline in the economic capacity of the EU and the United States while Asia had assumed an astronomical rise in economic status especially through China and the Asian Tigers. Second, the rapid expansion of the EU without commensurate growth of its political and economic institutions to counter such exigencies created enormous challenges for the Union (Cameron, 2010). The structural fault lines of the EU had been exposed by the financial crisis. Fearing the crisis would spread; the EU invited the International Monetary Fund (IMF) for support. The European Central Bank, the European

Commission and the IMF then had to jointly put in place a stabilization programme that demanded austerity measures in all four countries raising public protests but which move had largely stemmed the spread (Woods, 2016). While austerity measures led to millions of job losses, Germany, UK and the Netherlands still insisted that the EU was lenient on indebted countries and called on Greece to leave the monetary union. It had also been argued that the financial crisis had rather brought Europe closer together as an unexpected side effect (McNamara, 2016). The billions of the Euro put together and the institutional mechanism raised together with IMF are issues pointed to as resilient indications of a united Europe dealing with her issues. However, the sustained fragility of economies of many of the Southern members continued to threaten stability as recession hanged in the horizon.

Economic difficulties of the past few years have arisen to coincide with major shifts in wealth towards Asia. China and India leads this pack. Economic growth in Europe has been slow compared to the steady rise in Brazil, Russia, and again in India and China until 2016. In this context therefore, Europe's share of global GDP shrunk from 24 percent to 22 percent between 1990 and 2010 (Cameron, 2016). Part of the problem is Europe's ageing population that increasingly is preferring leisure to work. With insufficient investments in innovation, coupled with aging and an immobile population, Europe's competitiveness with Asia is doubtful, a region not held down by lack of skills, health or unemployment costs.

The EU faces a long standing challenge of identity. Europe has never come to terms with the notion of *finalite politique* which makes the European state an ongoing project. Economically, the EU has fared reasonably as the most peaceful, prosperous and secured region. As the largest single market, a Euro zone of 16 members and expanded total membership of 28 countries, its reach is nearly the whole continent. However, the EU is yet to develop political and economic institutions strong and flexible enough to reflect the needs of integration and the peculiarities of its social and cultural diversity. This has created a widespread skepticism about the EU hence many her states still cling to sovereignty and are increasingly unwilling to cede powers on issues considered critical to Brussels such as immigration and border controls (The Economists, 2016). Closely related as matters yet unresolved are economic governance and EU expansion to Eastern Europe. It is these and other issues that have raised fears that EU must move fast to deal with and avoid referendums to leave as the British have.

Brexit: Euroscepticism

British skepticism about the European Union lies deep in the region's integration history. When the EU started in 1951, Britain shied away until 1973 after the transactional analysis convinced British citizens that the UK stood to gain more than lose in joining the Union (The Economist, 2016). At Maastricht in 1991, Britain and Ireland argued and obtained a concession to retain control over their borders and immigration issues. This also reflected UK's skepticism of Europe's borderless policy.

The roots of Brexit lie in two historical trajectories of EU integration in 1992 and 2004. The Maastricht Treaty of 1992 created the monetary union without requisite institutions for sharing risks among member states in the event of economic crisis such as Europe has experienced since 2008 (Hall, 2016). So, when the economies of the Southern states, Greece, Portugal, Spain and Italy nearly burst, the EU merely managed to deal with the situation to avoid a spread without guarantee for a quick recovery. Of these countries Greece was worse off. The IMF-EU measures failed to provide policy directions to restore growth on the continent (Cameron, 2010; Hall, 2016). This seeming failure of the EU left a sour taste especially for British citizens about the competence of the EU in protecting and redistributing prosperity.

The second basis for Brexit is rooted in the EU grant of accession to 8 East and Central European states in 2004. The UK had strongly supported this move to strengthen democracy and enhance the single market which is seen as a free trade zone (Hall, 2016; The Economist, 2016) what the UK failed to note comprehensively was the EU's concept of "four freedoms" which include the right to free movement of workers across the region. With the expansion to East and Central Europe, many of the immigrants preferred the UK with its universal language and a high per capita of \$33,640 (Hall, 2016). By 2015 Polish immigrants into the EU alone stood at 790,000. Massive flow of EU immigrant's had fueled fears in British workers that their jobs may be taken away. Promises by the conservative government to reduce immigrants by 100,000 annually had failed so clearly that by 2016, it managed to keep it at 362,000 (The Economist, 2016). There were about 3million EU immigrants in Britain by early 2016 many of whom were from Southern Europe. Suffice to note that the UK had rather benefitted from immigration due to her aging population. Immigrants have not only also created demand but jobs as well. Indeed, immigrants did not take British born citizens' jobs either or reduced their employment opportunities. But as Hall (2016) notes "perception is everything in politics, and fed by hysterical stories" in the media, most British citizens believed that the country received three times more EU migrants than it actually did. The deluge of refugees and migrants from Iraq, Afghanistan and Syria in Europe though not in the UK fueled the fear that the UK may soon catch the bug. The UK hostility to large scale EU migration pushed for the call for a referendum to keep them out. Brexit represented this control to check EU immigration into the UK and then protect jobs and incomes.

There is a persuading argument about nationalism on winning back sovereignty for the UK. Many UK citizens argue that policy decisions are made by unelected EU bureaucrats rather than by citizens even if these were to be through national parliaments. Consequently, the UK had pursued and won a concession in the European Union Act of 2011 "which makes any treaty passing new powers to the EU subject to a referendum" (The Economist, 2016, p.5). This represented the attempts for a closer union and yet reintroducing the supremacy of citizens or least national legislatures. The other strand relates to the superiority of EU laws over national laws. The EU is seen as a supranational institution but its elections are fought on national issues hence a Europe wide democracy is a fallacy as seen by low turnout in EU elections.

Brexiters argued that British contribution to the EU budget is high and unnecessary. They claim that Britain pays \$28billion annually to the EU or about 55million Pounds per week (The Economist, 2016, p. 9). This amount could be spent on National Health Insurance or other areas of the British economy. Retaining this expenditure means restoring sovereignty to the UK (Hall, 2016). The demand for sovereignty, fear of immigrants and the rise of anti-globalizers that British prosperity has been seized by “outsiders” fuelled the demand by UK citizens to leave the EU. Brexit referendum to remain or leave was contested by and large on these issues.

Post Brexit: Challenges and Prospects

The impact of leaving the European Union on British economy, the EU and the rest of the world are complex and huge but are being considered in a cloud of uncertainty. On June 23rd, 2016 when the vote in favour of the ‘leave’ was confirmed, the Pound dipped to a thirty-one year low as an international currency (Erlanger, 2016, p.1). The pound fell to 1.315 to the US dollar (Foster and Batchelor, 2016, p.1). The British Pound was battered by more than 11% (Bird and Kantchev, 2016, p. 1). The 52% to 48 % win vote was historic and the ‘margin of victory startled’ everyone including proponents of the leave campaign (Erlanger, 2016). The process is evolving but a number of issues are indicative. According to The Economist (2016, p.9) “One thing both pro and anti EU voices have agreed on is that the short-term impact of Brexit is likely to be negative”. The talk of Brexit had already created anxiety over future trade arrangements leading to reduced confidence in the Pound Sterling and investment in Britain. Given that the UK economy was in deficit that need financing from capital inflows, the Bank of England was worried enough to call Brexit the greatest risk to domestic financial stability (The Economist, 2016). Brexit would make the economy vulnerable. British trade with the EU had been 55% greater than it would have been if she were not a member. The gains of this volume of trade certainly far outweigh the UK contributions to the EU budget.

Brexit promises an unfavourable trade relationship between Britain and the EU and between Britain and the rest of the world. Britain is the second largest economy in the EU after Germany and has enjoyed the benefit of trade as a member of the EU single market. Leaving the Union may not interrupt trade for a while with the continent if and when a new trade is contracted. However, negotiating one may be tortuous. EU free trade within its single market is deeper than a free trade zone. It involves removing both tariff and non-tariff barriers which consist of standards and regulation or rules of origin. It is in this sense that joining the EU benefited Britain. By leaving all of these will also be lost.

A new trade deal for Britain to access the single market would not discount existing principles of free movement of workers, contribution to EU budget as Norway and Switzerland are subscribed to. The atmosphere for Brexit is frosty and EU may not be willing to provide easy concessions to avoid other countries wanting to leave as well. This is because cheap cost of leaving would trigger more referendums. Again, any deal would be subject to approval by the remaining 27 countries that may certainly introduce delays. Replacing the 53 free trade packs would be

through tough negotiations (Goodman, 2016). For instance, China and India would prefer trade with a 500million EU market than a 65m UK. In the current trade deals under negotiation UK certainly would not be a part of. Lord Mandelson's caution to Britain is note worthy at this critical time; free trade agreements "do not come free, do not cover all trade and takes ages to agree". "They are started by liberals but concluded by protectionists". As the 'remain' side had argued, Brexit means higher taxes, more austerity and job losses. Already, multinational banks like JP Morgan Chase and Citigroup had warned that an exit vote would compel moving many of their jobs elsewhere which certainly would be other parts of Europe that would be in the EU (Goodman, 2016). Another possible loss of Britain following Brexit is the transfer of euro-denominated assets trading, a major business in Britain through EU restriction to other centres like Frankfurt, Dublin, Paris or Amsterdam (Goodman, 2016). These developments would be heavy economic losses to the UK.

By evoking article 50 of the EU Treaty and making Brexit a reality, the event has thrown up a backlash of unimaginable political dimensions as well (Hill, 2016). Brexit has raised anxiety over a contagion effect in the rest of Europe. Already populist parties in France, the Netherlands, Italy, Sweden, Austria, and Denmark are calling for referendums on EU membership (Wright, 2016). The chances of this mass exit from the EU have been compromised by the euro currency. Exiting the Euro zone would trigger a catastrophic run on the banks, devastate savings and capable of triggering a major financial collapse. These tendencies may slow down the prospects for mass exit but it's a possibility that should not be wished away. This was perhaps what had restrained Greece and Cyprus from leaving the EU or the euro zone despite the window it got from its debt crisis (Wright, 2016). The real political threat from Brexit is potential secessionist drives beginning with Scotland that voted overwhelmingly to remain. Scottish Nationalist Party may be calling for a second referendum on its independence from the UK considering that its survival without the UK in the EU may be difficult. It may tarry a while to see what trade deals UK may reach with the EU however (Alcaro, 2016; Hill, 2016). This context suggests that the UK may just have triggered an unnecessary constitutional crisis for itself.

Internal schisms in various European countries with triggered impact in the developing world are likely effects of Brexit. The Catalans in Spain, the Scots, the Kurds and the Independent People of Biafra may draw energy from Brexit to strengthen the call for a referendum to determine the future of their independence. Brexit certainly has given impetus to the revival of nationalism, localism, nativism, regionalism or separatist or nationalist flavours which Europe believed had long been buried. The leave campaigners flirted with xenophobic rhetorics laced with nativism and rash racism in the populist 'take control' in order to regain and defend British identity.

Brexit has raised two fundamental concerns in relation to globalization: digital democracy and growing inequality. Digital democracy – "the ability to receive information in almost real time through mass media and to make ones voice heard through social media" has been amplified by globalization enabler, the internet (Jaishankar, 2016). This allows millions of people to easily and cheaply access and transfer enormous amount of digital information within a short time.

Powered by technology, globalization, described loosely to mean the easier, faster, cheaper and free flow of goods, people, capital and information has democratized information and decision making. It was also assumed that globalization would also enhance greater cosmopolitanism (Wessel, 2016). Greater access to information has implied that citizens are well informed to communicate their views and influence public choices and their leaders. The spread of information has been manipulated by social media to repeatedly distort facts and tell lies that when told consistently they become the 'truth'. This is what digital democracy has achieved, a contribution to a post fact information environment. Cohen (2016) described the process as use of bold claims (such as get back control) contempt for practical questions, sneering disregard for expertise and transgressions of the bounds of political distortion. Digital democracy is rather painfully characterized by misinformation and discontent and was dangerously, used to socially and politically polarize UK citizens. The challenges and potentials of Brexit lie along economic and political parallels. In these realms the backlash for the UK, Europe and the rest of the world is the threat of slow recovery, deepened and fragmented decisions and the challenge to globalization.

One of the greatest lessons of Brexit is that there are millions of people that are excluded from the fruits of globalization; their incomes have stagnated; and feel threatened by technology, trade and immigration (Messel, 2016; McNamara, 2016). Those who fall in this category and there are many in the UK were thoroughly and genuinely angry and voted to leave the EU. Brexiteers blamed trade that took away jobs, and promised punitive tariffs at the risk of a trade war. These are distortions of facts and promises unrealizable but they lured the anti-globalizers. The EU with its single market has proved that economic internationalism is largely beneficial but must be driven towards inclusivity to avoid the xenophobic note it has struck and the pressure on political leaders to redistribute prosperity or be thrown out of office.

Conclusion

Since the 1950s, or most historically succinct the 20th Century, the EU has remained the most successful experimental model in regional integration. Through visionary political leadership that invoked political will to share sovereignty through resilient supranational institutions on the principle of shared consensus, solidarity and tolerance, an EU of a common dream of European Federal Union has been built. A 500million single market with an economy that generates a GDP of around 14.303trillion Euro, the EU is a haven of peace, prosperity and security in comparison with other regions.

And over night Britain, EU's second largest economy left the Union raising complex anxieties in economic and political contexts with national, Europe large and global implications. The debate about Brexit was largely driven by economic, trade and migration concerns. By the vote 52 to 48 percentage points, the Leave won over the Remain. Brexiteers fretted over loss of control over their destinies, felt left out of prosperity and blamed EU immigrants. When the UK invoked article 50 of the Lisbon Treaty for a referendum, two mistakes were made. A referendum is a terrible mechanism of democracy. Once invoked it should be to change things favourably for

the greater majority. British Prime Minister, David Camron erred when in campaigning promised to reduce immigration but failed. Then he promised a referendum when challenged on the loss of control by the UK of its affairs to the EU. The referendum has no doubt created a constitutional crisis for the UK and David Cameron may go down in history as the author of a possible disintegration of the UK. This is a repeat of the former United Soviet Socialist Republic (USSR) experience under Mikhail Gorbachev in 1989. UK leaders including xenophobic nationalist UKIP Party leader, Nigel Farage have failed to exemplify visionary European broad leadership that had brought the continent thus far on the part of prosperity. This is the leadership Europe needs now more than ever before. Far more important, this is the leadership Britain needs too. Rather, they have re-awakened the ghost of xenophobic nationalism Europe had long defeated.

The future of the UK is in the EU. Negotiating new trade deals may not come easy for the EU would not make the mistake of facilitating one in order not to provide an opportunity for a contagious effect of Brexit. The UK would lose investments hitherto funded by the EU. For instance Manchester City would lose the balance of 61million pounds development fund for Graphene Institute with a 12 percent regional workforce developing the on-going innovation corridor. Similarly, Sheffield may lose a grant of 900million pounds meant for the city in 2017. Similarly, Liverpool could lose 190million pounds committed by the EU for the next five years having received 285million pounds in the last few years (Kalz & Jones, 2016). These are but a few immediate economic consequences of Brexit for UK cities with profound impact on jobs and income.

Brexit was fought on class lines; the cosmopolitans, educated professionals and young UK citizens who saw their future with hope (the Remain) and the millions, aged and the unemployed who saw their economic situations deteriorate (the Leave). Educational levels, age and identity were the elements that shaped the vote. Young UK citizens cutting across economic backgrounds with higher education voted to remain in the EU and saw their future in prosperity. Older citizens, unemployed and those with a strong sense of British identity voted to leave (Stelzenmuller, 2016). They blamed their conditions on immigrants and wanted to take control. In a word Brexit was a struggle that reflected the attack on globalization that blame rising inequality through social exclusion (McNamara, 2016). This debate pushed immigration to the forefront. Though UK never suffered from the backlash of immigrants from Syria, Iraq, or Afghanistan, the experience of Greece and Turkey and Germany or Austria was enough warning. Economic internationalism need more work to produce inclusive growth that would assuage the fears of those on the margins of national economies. Brexit starkly represented this warning.

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