The Negative Impact Of Brexit On Both EU And UK

Brexit a referendum of the UK leaving the European Union. It was held on June 23, 2016, with the territory of England voting 53.4% to 46.6%, Wales 52.5% to 47.5%, remaining 62% to 38% and 55.8% to 48% voted by Scotland and Northern Ireland respectively. European Union known as the EU is an economic and political partnership where 28 European countries began after World War II to foster economic cooperation and trade together. The benefit of continuing with the EU is to be grown up in a single market where members decided to set their own currency and trade policies not quite like the USA. It is the first time that any country has ever departed the union. After calculating the EU spent in the UK rebated to brings the net contribution down to about £8.5 billion. Brexit grows a worrying percentage of the population who subscribe to the growing trend of nationalism around the globe. The vote to leave the EU signifies a growing distrust in worldwide trade and commerce organizations. Britain has a long tradition of Parliamentary Democracy. The political conditions and economy will suffer in the short term. This could be good news for the ones currently going to the United Kingdom, but it can have a long-term effect on the trade. The pound dropped 8% in the first day after voting, and traded around $1.36 furthermore Sterling declined by 11% against the US dollar. Gold has risen by 6%. Other Asian markets also had a decrease from 1%-4% in the stock average.

Daniel J. Mitchell from Cato institute stated that the European Union has imposed “protectionism against outsiders, tax harmonization, bad fisheries policy and dreadful agriculture subsidies” on Britain, all of which have contributed to a bad effect on the nation’s economy. Protectionism is especially a drag, as the EU has what is called as the common external tariff, which punishes the nations outside the EU. Also, the European Union consists of 45% of Britain’s exports, down from 55% as in 2006. The European Union has also come down from 36% of the world’s economy in 1973 to only 17% in 2015, resulting in Britain at a further disadvantage to remain bogged down by it.

It won’t be wrong to say that Brexit is seen as the beginning of the end of the European Union. With the United Kingdom stepping down from its membership, Italy, Netherlands and France also looking forward to having their own referendums as to remain a member of the European Union or not. Thus, it won’t take much longer for the EU to dissolve. In other words, it means that the United Kingdom was bring governed by a set of unelected and unaccountable bureaucrats that had little or no say in the way they were governed. It violated the ideals of the enlightenment upon which the west was founded.

In a Forbes interview, former Prime Minister Margaret Thatcher said, “What is it about some of these people enjoying the freedoms of democracy, who enjoy the elected representatives being accountable to the people?” Thatcher also cautioned that centralized power among the countries would be infeasible economically because each of them is at different levels of development. This can lead to redistribution of wealth in some countries to other countries via subsidies and losing their sovereignty, through mass immigration. Thatcher also stated, “Both would cause resentment and not harmonious development. We should each of us be proud to be separate countries cooperating together.” The United Kingdom has to negotiate an agreement with the European Union before leaving the membership officially. This would take at least another 2 years under the Lisbon treaty, though they can have a separate agreement

outside the thirty if they choose to do so.

From the above discussion, we can clearly see that Brexit actually hit both Britain and E.U. negatively. It became really difficult for other countries in E.U. to do business with Britain. The also political and economic situation will not be stable as before. It will bring additional challenges to those European firms that have the majority of shares in the UK markets. The shifting of many companies from the UK to other European Countries has significant damage to both EU and UK.