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## **Brexit and its Political and Economic Impact on the United Kingdom**

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## **Dedication**

In the Name of Allah, Most Merciful, Most Compassionate.

To the man of my life who sacrificed his life to support me, to my father.

To the soulful and kindest person in my life, the source of my strength, to my mother.

To my half, my beautiful twin sister Bouchra.

To my ambitious sister Roufaida and the prettiest Douaa.

To my only bond in life, my brother Mohamed.

To my older sister Anfel and her beautiful family.

To my friends with whom I shared the most beautiful days at the university.

To someone special in my life.

To anyone who helped me in one way or another even with a smile.

I dedicate this dissertation to you.

**FARES Takoua**

## **Dedication**

First and foremost, I would dedicate this modest work

To the memory of my beloved parents who gave me their spirit and sacrificed their lives to support me throughout my studies and helped me to reach this position, may God protect them.

To my dear brother Akram and sweet sister Douaa.

I would like to dedicate this dissertation also to all my family members and relatives.

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## Abstract

Brexit, the withdrawal of the United Kingdom from the European Union after forty-seven years of membership, has been on top of news in the past five years. Eurosceptics, driven by a strong sense of nationalism and sovereignty have always expressed concerns about the UK's membership of the EU and the influence of the latter on their life style evoking especially immigration and unemployment, security and terrorism, and economic losses. In 2016, they succeeded in obliging the Conservative pro-Europe government of David Cameron to organize a referendum so that the British decide their future in relation to the EU. After an electoral campaign that witnessed a heavy involvements of the government and cross-party groups, a referendum was held on 23 June 2016 with a direct question: Should the United Kingdom remain a member of the European Union or leave the European Union? The vote turnout was remarkable and the results were unexpected as 51.9% of the vote cast were in favour of the Leave vote. The government pledged to respect the result and implement it even though it was not legally binding. Negotiations with the EU turned out to be very tough causing PM Theresa May to resign and be replaced by Boris Johnson. Investigation the Brexit the political and economic impact of Brexit on the UK now is based on prediction given its recentness, but some impacts are already observed. Trade with the EU is shrinking, the flow of FDI is slowing, and labour market is in recess. However, forecast suggests the UK economy will adapt quickly to the new scheme. Politically, the British people have become interested in politics like never before. The negotiation stalemate that gripped Britain in 2019 and debate resulting from it served to stimulate voters' interest in politics. Internationally, the UK has to rely on its traditional "bridge" role between Europe and the United States and on its military and intelligence power to preserve its influence in a rapidly changing world.

**Key words:** Brexit Referendum, Economic Implications, EU, Political Effect, UK.

## Résumé

Le Brexit, le retrait du Royaume-Uni de l'UE après quarante-sept ans d'adhésion, a fait l'actualité ces cinq dernières années. Les eurosceptiques, animés par un fort sentiment de nationalisme et de souveraineté, ont toujours exprimé leurs inquiétudes quant à l'influence de l'UE sur leur mode de vie évoquant notamment l'immigration et le chômage, la sécurité et le terrorisme, et les pertes économiques. En 2016, ils ont réussi à obliger le gouvernement conservateur pro-européen de David Cameron à organiser un référendum pour que les Britanniques décident de leur avenir. Après une campagne électorale qui a vu une forte implication du gouvernement et des groupes multipartites, un référendum a été organisé le 23 juin 2016 avec une question directe : le Royaume-Uni doit-il rester membre de l'Union européenne ou quitter l'Union européenne ? Le taux de participation a été remarquable et les résultats étaient inattendus puisque 51,9% des suffrages exprimés étaient en faveur du vote de sortie. Le gouvernement s'est engagé à respecter le résultat et à le mettre en œuvre même s'il n'était pas juridiquement contraignant. Les négociations avec l'UE se sont avérées très difficiles, entraînant la démission du Premier ministre Theresa May et son remplacement par Boris Johnson. Enquête sur le Brexit L'impact politique et économique du Brexit sur le Royaume-Uni est désormais basé sur des prévisions compte tenu de sa récenteté, mais certains impacts sont déjà observés. Le commerce avec l'UE diminue, le flux d'IDE ralentit et le marché du travail est en retrait. Cependant, les prévisions suggèrent que l'économie britannique s'adaptera rapidement au nouveau régime. Politiquement, le peuple britannique s'est intéressé à la politique comme jamais auparavant. L'impasse des négociations qui a frappé la Grande-Bretagne en 2019 et le débat qui en a résulté ont servi à stimuler l'intérêt des électeurs pour la politique. Sur le plan international, le Royaume-Uni doit s'appuyer sur son rôle traditionnel de « pont » entre l'Europe et les États-Unis et sur sa puissance militaire et de renseignement pour préserver son influence dans un monde en évolution rapide.

## ملخص

كان بريكست ، انسحاب المملكة المتحدة من الاتحاد الأوروبي بعد سبع و أربعين عاما من العضوية ، على رأس الأخبار في السنوات الخمس الماضية . لطالما أعرب المشككون في الاتحاد الأوروبي ، مدفوعين بإحساس قوي بالقومية و السيادة ، عن مخاوفهم بشأن عضوية المملكة المتحدة في الاتحاد الأوروبي و تأثير هذا الأخير على أسلوب حياتهم الذي يستحضر بشكل خاص الهجرة و البطالة و الامن و الإرهاب و الخسائر الاقتصادية في عام 2016 . نجحوا في الزام حكومة المحافظين المؤيدة لاوروبا لقيادة تنفيذ كامبيرون بتنظيم استفتاء حتى يقرر البريطانيون مستقبلهم فيما يتعلق بالاتحاد الأوروبي بعد حملة انتخابية شهدت انخراطا كبيرا من الحكومة و المجموعات الحزبية . تم اجراء استفتاء في 23 يونيو 2016 مع سؤال مباشر هل تحب ان تظل المملكة المتحدة عضوا في الاتحاد الأوروبي ام تغادر الاتحاد الأوروبي ؟ كان الإقبال على التصويت ملحوظا و كانت النتائج غير متوقعة حيث كان 51,9 % من الأصوات المدلى بها لصالح تصويت المغادرة و تعهدت الحكومة باحترام النتيجة و تنفيذها رغم انها لم تكن ملزمة قانونا. إتضح أن المفاوضات مع الاتحاد الأوروبي كانت صعبة للغاية مما تسبب في إستقالة رئيس الوزراء تيريزا ماي و حل محله بوريس جونسون. يعتمد التحقيق في تأثير خروج بريطانيا من الاتحاد الأوروبي في التأثير السياسي و الاقتصادي لبريكست على المملكة المتحدة الان على التنبؤ نظرا لحدائته ، و لكن لوحظ بالفعل بعض التأثيرات. التجارة مع الاتحاد الأوروبي اخذت في الانكماش ، و تدفق الاستثمار الأجنبي المباشر يتباطأ ، و سوق العمل في عطفة و مع ذلك ، لتشير التوقعات الى أن الاقتصاد البريطاني سوف يتكيف بسرعة مع المخطط الجديد. سياسيا ، أصبح الشعب البريطاني مهتما بالسياسة كما لو لم يحدث من قبل . أدى الجمود في المفاوضات الذي عصف ببريطانيا في عام 2019 و النقاش الناتج عنه الى تحفيز إهتمام الناخبين بالسياسة. على الصعيد الدولي ، يتعين على المملكة المتحدة الاعتماد على دورها التقليدي " الجسر " بين أوروبا و الولايات المتحدة و على قوتها العسكرية و الاستخباراتية للحفاظ على نفوذها في عالم سريع التغير.



## List of Abbreviation and Acronyms

**BE:** Bank of England.

**BR:** Brexit Referendum.

**BP:** British Parliament.

**CAP:** The Common Agricultural Policy.

**CFDIUS:** Committe on Foreign Direct Investment in the United States.

**COVID 19:** Coronavirus Disease of 2019.

**CU:** Customs Union.

**DC:** Direct Current.

**DCFTA:** Deep and Comprehensive Free Trade Agreement.

**EAEC:** European Atomic Energy Community.

**EC:** European Community.

**EC:** European Council.

**ECSC:** European Coal and Steel Community.

**EEA:** European Economic Area.

**EEC:** European economic Community.

**EFTA:** European Free Trade Association.

**EP:** European Parliament.

**ESPON:** European Spatial Planning Observations Network.

**EU:** The European Union.

**FDI:** Foreign Direct Investment.

**FTA:** Free Trade Agreement.

**G7:** The Group of Seven.

**GATT:** The General Agreement on Tarrifs and Trade.

**GB:** Global Britain.

**GB:** Great Britain.

**GDP:** Gross Domestic Product.

**GFA:** Good Friday Agreement.

**GJMC:** Gibraltar Joint Ministerial Committee.

**ICU:** Intensive Care Unit.

**IMF:** International Monetary Fund.

**IND:** The Iran Nuclear Deal.

**ISDS:** Investor-State Dispute Settlement.

**JCPAA:** The Joint Comprehensive Plan.

**MEPP:** Middle East Peace Plan.

**MFN:** Most Favoured Nation.

**MPs:** Member of Parliaments.

**MS:** Member State.

**NATO:** The North Atlantic Treaty Organization.

**NHS:** National Health Service.

**NI:** North Ireland.

**NIESR:** National Institute for Economic and Social Research.

**NTB:** Non-Tariff Barriers.

**OECD:** The Organisation for Economic Cooperation and Development.

**PA:** Paris Agreement.

**PM:** Prime Minister.

**QMV:** Qualified Majority Voting.

**RES:** The Renewable Energy Strategy.

**RI:** Republic of Ireland.

**SEA:** The Single European Act.

**SG:** Spanish Government.

**SM:** Single Market.

**TCA:** Trade and Cooperation Agreement.

**TEU:** Treaty on European Union.

**TFA:** The Freedom Association.

**TU:** Treaty of Utrecht.

**UK:** The United Kingdom of Great Britain and Northern Ireland.

**UKIP:** The UK Independence Party.

**USA:** United States of America.

**UN:** United Nations.

**VAT:** Value Added Tax.

**WA:** Withdrawal Agreement.

**WB:** Withdrawal Bill.

**WTD:** Working Time Directive.

**WTO:** World Trade Organisation.

**WWI:** First World War.

**WWII:** Second World War.

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## General Introduction

Brexit, the withdrawal of the United Kingdom from the European Union, is perhaps the most important political development that both Britain and Europe have witnessed since WWII. After both world wars, Europe was almost destroyed and the impact was disastrous in most fields, hence, there was a need to rebuild Europe and unify it under some form of cooperation to avoid going to war with each other again. Winston Churchill, among other European politicians, had believed that trade and commerce will be the best way to grant peace in the European continent.

Other European leaders believed such an economic exchange is best achieved under an organization. In 1951, the Treaty of Paris was signed by six European states declaring the establishment of the European Coal and Steel Community (ECSC), and in 1958 the European Economic Community (EEC) was created. These were the first steps leading the formal integration of European countries in the form of the European Union (EU).

The United Kingdom, much weakened after WWII, was in need of the economic opportunities such organizations would offer, but it was reluctant in joining them. The British had always seen themselves as more than just another regular European nation. This high sense of nationalism and sovereignty was responsible for the late adherence of the UK to the supranational organisations that were being formed in Europe.

Remarkably, the UK and EU relationship over the five past decades was described as “awkward”, “reluctant” and “semi-detached.” This membership was marked by a series of crises and EU policies that were seen by the British as standing against their agenda in regard to policies such as those related to the EU enlargement, the level of integration as well as the Euro crisis of 2008. The whole experience of the UK within the Union grew complicated more and more, and with time it hardened the Eurosceptic tendencies in Britain calling for

leaving the EU. Eventually, more leaders, politicians, and citizens started believing in the necessity of a Brexit.

Complications on the international scene and disagreement with the EU over the integration issue and further enlargement nurtured British Euroskepticism to reach its height during PM David Cameron's mandate (2010-2016). In fact, the idea of withdrawal was not new and had existed before. Just two years after the UK joined the European Community (EC), a referendum was organized by Labour government in 1975 asking people whether they prefer the country to remain a member of the EC; 67% of voters said "Yes" to staying.

The promise of Prime Minister David Cameron in 2013 to hold a referendum became real in 2016 when the British citizens surprised the world on the morning of the 23rd June by their decision to leave the EU by a majority of 52%. Although the referendum was legally non-binding, PM David Cameron promised to implement the result and his successor Theresa May invoked Article 50 of the Lisbon Treaty starting the official withdrawal process in 2017. This was followed by a long journey of tense negotiations led by Theresa May first then by her successor Boris Johnson. Eventually, the UK left the EU single market and customs union on the 31<sup>st</sup> December 2020 with an agreement on trade and cooperation effective on the 1<sup>st</sup> January 2021.

Now, that the withdrawal has become a reality, the UK has to face its crucial consequences and implications in politics, economy, and on its future relationship with the EU. In fact, the impact of such a move had started even before the effective leave in 2021; i.e., after the 2016 referendum. The day after the Brexit referendum the sterling fell to its lowest value since 1985, and even if the economy was not influenced in the first nine months after the referendum, the economic downturn in the first quarter of 2017 was remarkably leading observers to predict a difficult economic situation for the UK's future.



It is this impact that is at the heart of this dissertation. Overall, the dissertation focuses on Brexit and its political and economic impact on the UK, but it also tries to envision the future relationship with the EU. It also tends to understand how the UK will implement the Brexit agreements. Furthermore, the dissertation will elucidate the Brexit causes, the referendum circumstances, and its itinerary and implications. To do so, the dissertation asks the following questions: What are the reasons leading to the Brexit referendum? What were the circumstances of Brexit referendum and the post-Brexit UK-EU negotiations? What is the economic and political impact of Brexit on the UK? How the relationships between the UK and the EU will develop and what is the impact of Brexit on the international relations, especially in regard to the US-UK special relationship?.

One of the main obstacles this study faced is to discern between the factors related to Brexit and the factors related to the spread of the Covid-19 epidemic. The impact itself can be categorized into short and long-term impacts, which means the effect will unfold gradually over many years.

This study is based on an analytical, descriptive, and qualitative research collecting, researching, and analyzing primary and secondary sources (articles, journals, government documents, reports, speeches of political leaders and government officials, etc.) to, first, trace the development of the UK-Europe relationships and, second, explain the drives of Euroskepticism and the withdrawal desire in British people and governments. The study analyses figures related to the economic performance to pin down the economic impact and analyses political declarations and speeches to pin down the political impact.

The dissertation is divided into three chapters. The first chapter focuses on the historical background of the relationship between the UK and the European Union, the origin and the formation of the EU, the adherence of the UK into the EU, and origins and growth of Euroskepticism.

The second chapter is dedicated to understand the Referendum, the Leave and the Remain arguments, and the results. The chapter discusses also the disengagement procedures, including Article 50, and the negotiations between the different UK governments and the EU.

The third and last chapter investigates the political impact of Brexit on the UK, domestically and internationally in relations to Europe, the United States, and the Gibraltar question. The chapter investigates also the economic impact of Brexit, its advantages and disadvantages as well as the challenges to the UK economy.

## **Chapter One**

### **The UK and the EU: A Historical Overview**

#### **Introduction**

Due to the disastrous results of the Second World War, the European countries suggested a deal to avoid integrating into any future wars; the suggestion was about a political project to foster economic cooperation in which the united countries are more likely to avoid going to war with each other. The founding fathers have worked hard to build a peaceful, united, and prosperous Europe, and they thought that this union would bring stability all over the continent.

The beginning of the European Union was as an idea of creating the European Coal and Steel Community (ECSC) in 1952; its goal was to rebuild the destructed countries. Followed by the creation of the European Economic Community (EEC) in 1958 after the signing of the Treaty of Rome in March 1957. Over the years, these institutions developed into the European Union (EU) and started to interfere in different sectors such as politics, economy, and the judiciary; this led to the birth of skeptical attitudes towards this organization's policies and objectives. The United Kingdom, since it joined the EU, had had always complex relations with Europe and developed skeptical attitudes towards the EU policies which ultimately resulted in the Brexit.

This chapter overviews the origin, definition, and enlargement of the European Union. In addition, it sheds light on Britain's membership in the EU and its Euroscepticism. Finally, it ends up highlighting the issue of Brexit and the reasons behind it.

## 1.1 The EU: its Origins, Formation, and Elargement.

In the aftermath of WWII many philosophers, thinkers, and politicians were convinced by the idea of joining efforts to ensure making Europe a theatre of peace after it was a theater of conflicts between European nations wreaking havoc and causing millions of deaths, injuries, and destruction in the whole continent . Some Europeans spoke about the union idea even before WWII. In 1930 France proposed this idea but one British politician commented in the name of the majority of British people saying:

Our hearts are not in Europe; we could never share the truly European point of view nor become real patriots of Europe. Besides, we could never give up our own patriotism for an Empire which extends to all parts of the world . . . The character of the British people makes it impossible for us to take part seriously in any Pan-European system. (qtd. in McDowall 173)

In the aftermath of WWII, Britain found itself trapped by this genre of declarations and the patriotism they stirr although a European unity was clearly considered as a good thing. As an effort to make the European countries more united, the Treaty of London established the Council of Europe to promote democracy, human rights, and the rule of law. But eight years later, in 1957, the UK refused to join the six European countries in creating the common market. The British, it seems, were still seeing themselves as en empire which cannot equate itself with common European nations.

Before speaking about the EU formation it is necessary to emphasize the idea that the EU is considered as the cornerstone of European stability and prosperity, on which the founding fathers and many visionaries and leaders tried and hoped to create a comfort and safe zone empty from any other unexpected wars. The main aim of this unification for them is to allow an economic recovery and bring peace to the member states and the continent as a whole.

The formation of the EU took many years to be recognized as its current form; it was built through a series of binding treaties between the twenty-seven member states. As a first step towards the establishment of the EU was the declaration made by the French Foreign Minister Robert Schuman on the 9th May 1950 calling that day “a Europe Day” and proposing the creation of an economic cooperation organization; Schuman suggested sharing resources and relying on others for key raw materials. This cooperation would be a great deal profitable economically and would reduce the probability of engaging in war against one another.

In 1951, Schuman's idea developed to the creation of the European Coal and Steel Community (ECSC) by six European countries: Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands. These six countries signed in 1957 the Treaty of Rome which created the European Economic Community (EEC); its aims were to extend services between the six-member states, facilitate the movement between them freely, and allow free trade between them and the movement of goods.

The first enlargement took place after the success of the six founding members of the European Coal and Steel Community in creating the European Community (EC) after they integrated Denmark, Ireland, and the United Kingdom in 1973 increasing the number of member states from six to nine. After many years, enlargement continued: Greece joined in 1981(2<sup>nd</sup> enlargement), followed by Spain and Portugal in 1986 (3<sup>rd</sup> enlargement). On 1 January 1995, three further countries joined the European Union: Austria, Finland, and Sweden to increase the number to fifteen member states.

The EU opened the enlargement door also to other eight former communist countries—the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia—plus Cyprus and Malta as members. Bulgaria and Romania joined in 2007, and the last country to join was Croatia on July 1, 2013.

The construction of the EU, after a long history of conflicts, was a desire for many leaders and their countries' nations to see Europe unified so as to prevent wars in the continent and live in peace and prosperity, and permit an easy movement of people, goods, and services.

## **1.2 The Relationship between the UK, Europe, and the EU**

An uncomfortable atmosphere has always covered the relationship between the UK and the EU, and the European continent as a whole. The development of the European civilization made a close link between Britain and the rest of Europe, but the English Channel was more than just a geographical barrier. It was a psychological one too. As a member of the EU, the British were not happy with many of the EU policies in regard to foreign policy, justice, and home affairs including the thorny questions of border controls social and labour relations.

Over time, the biggest challenge faced by Britain had been always how to maintain its control and sovereignty overseas, as well as protect the continent from the domination of a single power. The British relationship whether with its close neighbours or the other European countries knew unstable course in the previous centuries. The challenges were varied and strategic. During the Middle Ages France was the main enemy. In the 16th, 17th, and 18th centuries Britain had various enemies such as the Netherlands, Spain, Denmark among others, and fought them in many wars; most of these resulted out of disagreements about the control of territories and seas and commercial affairs.

During the 18th century, Britain had fought in the long war when the Austrian Habsburgs tried to take back a province from Prussia, the war was from (1756 to 1763) and became known as the Seven Years War. In addition to the American Revolution (1775-1783) in which Britain was defeated by the American with the French assistance. The following century ended the continental conflicts with the British victory on 18 June 1815 when the

French Military leader Napoleon Bonaparte was defeated. Since the end of the Napoleonic Wars, Britain reduced its interference in Europe and there were new trading patterns replacing the old ones all over the world.

Britain's relationship was clearly unstable, neither with Europe nor with its communities and institution. It chose to stand out and when it wanted to join in, it was excluded from joining the Franco-German alliance which later became the EEC. Moreover, they joined European Communities on imposed terms that do not suit them. They discussed again the financial contributions in 1984-85 and chose not to adopt the euro currency in 1992, they joined the Americans in their invasion of Iraq in 2003 against the European consensus, and they eventually to leave the EU totally.

Many explain this British hesitation by patriotism and nationalism. Nationalists in post-WWII were unfavorable for large European coalitions and they instead preferred federalism. In 1948, at the Hague the European countries hoped to put a European constitution but the UK did not welcome the federalist approach in it and rejected it. After two years, French Foreign Minister Robert Schuman suggested a plan to limit any unexpected future war especially between the two historic enemies France and Germany; the plan allowed for the creation of a European Coal and Steel Community (ECSC). The British opposition comes immediately and firmly in the comment of Herbert Morrison, the Labour cabinet minister, reported as saying, "it's no good, we cannot do it, the Durham miners won't wear it" (qtd. in Dell 169). The "Durham miners" being used as a synonym for the British working class.

When the six founding members of ECSC invited Britain to join, the government was not ready to accept their invitation and saw this integration as something that could be harmful for social protection of British workers, and argued that the British coal and steel industries had been nationalized and, thus, it was impossible to put it under international

management. The six founding members, though, met and signed the Treaty of Rome declaring the creation of the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM). According to the Treaty of Rome, the member states had to find a way to raise the standards of living and enhance it as well as to increase the development of economic activities in continuous and balanced expansion.

The UK has strongly supported the free trade area without custom union and refused to join the EEC in order to protect its relationship with the Commonwealth countries and eliminate the agricultural products (CAP), because they put a common external tariff on imported products. Accordingly, the European Free-Trade Area (EFTA) established in 1959 and the UK signed the treaty of Stockholm with Sweden, Norway, Denmark, Switzerland, Austria, and Portugal.

Conservative PM Harold Macmillan in 1961 requested joining the EEC, but it he was attacked by French President Charles de Gaulle who vetoed his request in 1963. De Gaulle saw the UK as a “foreign federation,” and said the British skeptic views for the fundamental rules of the Common Agricultural Policy (CAP) was not allowed. In 1967, PM Harold Wilson made a request to join the EEC in May 1967 but it was vetoed again by de Gaulle. It was de Gaulle resigned in 1969 that the British negotiations to join the EEC were resumed.

### **1.3. The UK Membership of EU**

The notable success which had been achieved by the EEC impressed the UK. After two requests to join the EEC and two rejections issued by French President de Gaulle who justified his opposition by British skepticism and reluctance to adjust their economy to suit the EEC standards. In fact, the British had different views about the issue, but it was the Labour Party who were the strong opponents of the idea of joining the EEC. In the 1960s, Labour Party leader Hugh Gaitskell argued that an integration in the EEC and Common Market will end



thousands of years of history and will be dangerous for Britain's future. Instead, the Labour's championed nationalisation' and socialisms.

On January 1, 1973, the UK finally made it into the EEC club and the European Market. But the relationship kept in a struggle concerning the financial issues. The issue of Britain being an EEC member was resolved always during the general election campaign. Harold Wilson in 1974 promised that he would rediscuss the agreement again and submit it to a referendum. The main two important points were the budget, which Britain insisted on reducing its contribution in the community, and the CAP the issue that the UK did not benefit from and refused to commit itself to its terms. In June 1975, the referendum was held and resulted in 67.2% of voters agreeing on being part of the EEC, but the problem of the British budget kept unsolved.

In the 1970s and 1980s the struggle continued. PM Margaret Thatcher, opened again animosity especially with France after she made her famous demand, "I want my money back!" She resisted and benefited rebate from Brussels in 1985 to cover the lack of Britain taking its rights from CAP like the other countries

Margaret Thatcher after winning the elections of 1979, become the first female Prime Minister in Britain and made her special touch in her field to be famous as the "Iron Lady". In her 11 years as PM, Thatcher tried to present herself and created a strong leadership, as well as her premiership witnessed a lot of crises and tensions, especially when she called for adjusting the UK contributions in EEC in her first year in position.

Regardless of her Euroscepticism, Thatcher supported European integration in a certain way believing the integration will be beneficial for the open market for Europe. In addition, her support and agreement for the free market was clear (Fabre). In 1985, she formed the Single European Act (SEA) to create a large market without borders, the act was to faster the process of removing the obstacles related to barriers and customs, this was

through some arrangements among them Qualified Majority Voting (QMV) which worked on preventing any possible veto by one country in the Council of Ministers.

Although her premiership was considered as an important period for the UK reconciliation with Europe and for the changes that happened since the beginning of the Cold War, but Thatcher's policy on European integration continued to adopt an aggressive tone in public but pragmatic in practice until her resignation in October 1990.

The formation of the UK's first coalition government since 1945 in May 2010 by the Conservatives and Liberal Democrats was seen as a constitutional innovation resulting out of the development of the traditional governing system. The agreement was held looking for more stability and making reform (Loughlin and Viney 69). The Coalition of the Conservative-Liberal Democrat was looking for a sensitive issue which was the financial crisis of 2008 and its impact on reducing the budget. They tried to find the solution through a program of tax increases, public sector reform, and spending cuts.

Furthermore, the Coalition programme for government which was provided by the leader of the Conservative Party David Cameron, and his partner the leader of Liberal Democrat Nick Clegg, contained common reforms that should be applied politically, economically, and in all other public sectors. They saw the weakness and failure of the big government and wanted a radical change. In addition, both parties agreed to maintain the balance towards the EU, and even if the UK government thought that they have to play a leading role in the EU, but it is important also to protect its national sovereignty. Cameron and his partner Clegg emphasized that the UK will find a good position and play in a positive way. They also pledged to defend the UK budget in the EU and interest only to what has value to the union and its enlargement (Cameron and Clegg 7-19).

According to the Coalition Agreement, the EU was subject to passing any future treaties, the European Union Act (EUA) 2011 subject to any extension of the EU power and

remain in the Coalition Government's authority. As a result, at any problems in the relations with the EU, the UK was secured with referendums (Loughlin and Viney 74-76).

In addition, instability between the UK and the EU increased in 2011 after the Arab Spring. Riots and troubles in several Middle-Eastern countries caused large numbers of refugees to flee towards EU member states, making them much less stable. It is especially this wave of immigration to the UK and its alleged economic and social impact that spoiled the UK relationship with the EU and was a major point that led finally to the withdrawal from the EU.

After the long negotiations between David Cameron's government and the EU over Europe's migration crisis and the euro mess, Cameron was left with no choice but to declare the 23<sup>rd</sup> June as a date for the exit referendum. Surveys had already shown that a UK majority was in favor of Brexit. Accordingly, the referendum results confirmed expectations and the results gave 51.9% of voters in favor of exit ("A Background").

After Cameron's resignation, the new prime minister, Theresa May announced in October 2016 that she is in mind to invoke Article 50 of the Treaty on European Union (TEU) in order to start the negotiations to leave the EU. On 29 March 2017 she sent her letter to the EU Council to become actually and officially accepted after 48 hours, and then the negotiations started for two years. Indeed the Parliament set another deadline after the rejection of the first to become On October 31, 2019, instead of March 30, 2019 to be officially an independent country from the EU on 31 December 2020 and to leave the EU single market and customs union.

#### **1.4 Euroscepticism and British Politics**

As a phenomenon, Euroscepticism that emerged in the UK during the 1980s illustrated the continuous stand-offs between the Thatcher government and the European Commission (EC). Moreover, many countries adopted a Eurosceptic view since this

European integration became unsuitable for some nation-states because of its strategies and policies to unify the states and hold new cultures. The skeptic view overspread within the EU as a response to its policies.

The first appearance of the term “Euroscepticism” is related to Britain and it is known as a phenomenon that spread in Europe as a reaction to the plans of political and economic integration. According to the Oxford dictionary, a Eurosceptic is “a person who is opposed to closer links with the European Union” which means showing opposition to the British participation in the European integration. The term is divided into two syllabi; “Euro” short for the equivalent of Europe or European in the languages of the European Union. While the second syllabi “septic” originates from its form back in the late 16th century from French *sceptique*, or via Latin from Greek *skeptikos*, from *skepsis* “inquiry, doubt.” “Septic” refers to the person who is inclined to question the truth of facts or doubts truths. Then the term was used to mean negative perspective towards the European Union, and the British view and attitudes towards it have always been strange, where seven decades ago Winston Churchill said “If Britain must choose between Europe and the open Sea, she must always choose the open Sea” (qtd. in Cottam). This reflects always the unstable relationship of the EU with Britain.

During the 1980s’ a wild spread of the concept “Euroscepticism” has appeared, even if its meaning was not clear enough and its new use represent a conflict within the EU, but at the same time, it took a negative view on Europe. In this sense, Euroscepticism was used by many member states whether explicitly or implicitly to stress the importance of the idea that European integration is a danger on nation-states concerning their cultures, and forcing them to adopt a new one claimed by the EU. In other words, Euroscepticism can be described as resistance to EU policy, enlargement, and integration; this resistance could be either on a reformation on a large scale or a total nullification of the EU.

According to Taggart and Szczerbiak, Euroscepticism can be categorized into a soft and hard forms. Soft Euroscepticism represent the indirect opposition to the European integration or EU membership in which this Soft Euroscepticism does not seek to move away yet to accomplish large-scale reform. The existence of Soft Euroscepticism can only appear in case if it is used in a speech by a skeptical political party in front of the European issue. In this sense, it can be said that it takes an invisible form in contrast to the “Hard Euroscepticism” (4).

In contrast to soft Euroscepticism, Hard Euroscepticism takes its role from its form; according to Taggart and Szczerbiak it is where there is a principled opposition to the EU and European integration and therefore can be seen in parties who think that their counties should withdraw from membership, or whose policies towards the EU are tantamount to being opposed to the whole project of European integration as it is currently conceived. This means Hard Euroscepticism represents the total refusal of the EU membership and European integration.

Taggart and Szczerbiak assume two ways to identify and assess the hard Eurosceptic party there is: the first is from the principle, the party will move and make opposition against the EU. The second is if the party supports an ideology such as (communist / conservative/ socialist/ populist) or if it belongs to a capitalist /socialist/neoliberal/bureaucratic attitude (4).

Euroscepticism is not only an ideology adopted by some European countries or political parties but rather it was wild spread to create many organizations, associations, and groups to support it. Among these is the The European Alliance of EU-Critical Movements (TEAM). TEAM is an organization of Eurosceptic associations created by 18 European countries; its role is to limit the idea that Europe should be unified under centerlized and federal government and has its own monetary policies, from different political trends. It includes fourty-nine organisations, parties, and non-partisan.

Another Eurosceptic association is the Freedom Association (TFA) created in the United Kingdom in 1975. It supports Brexit with its campaign famous for its slogan "Better off out". Represented by a group of libertarians their main ideas centered on national democratic parliament, free trade/market, powerful national defenses, free subjectivity, and personal and family responsibility.

There is also the National Platform EU Research and Information Centre which is a voluntary research and information body on EU affairs, created in 1987 in Dublin. It seeks to produce legally accurate documentation on EU matters. Its members stand for a Europe of independent, democratic, and Nation-States.

In addition to the Eurosceptic organizations, there was a high spread and creation of The British Eurosceptic think tanks. Among these, the Open Europe founded by British business people who claim for radical and definitive change based on economic freedom, raise of transparency and accountability. One of its problematic points is that it does not support Brexit.

The Bruges Group, another Eurosceptic thinktank, based in the UK and established in 1989, includes all skeptic parties in the EU. This group advocated and supported deeply for opposing the European integration and runs campaigns to rebuild the British-European relations.

The European Foundation founded in Britain by John Goldsmith worked for a "thorough going reform" and had as a slogan, "yes to European trade, no to European government." It did not advocate Brexit, but it supported more public debate about the future of Europe.

Since January 1st, 1973, when Britain joined the EEC, it was always considered a debatable topic within the EU and continuously discussed whether by those who advocate the joining to the EU and reinforce it, whereas, the other side includes the total refusal to this

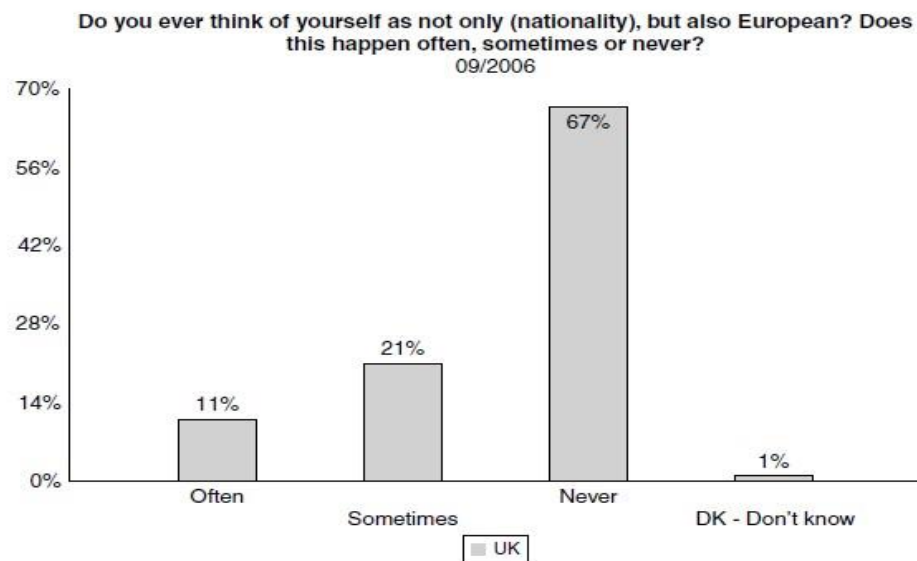
integration and its institutional interference and implementation within the county.

Euroscepticism which is considered as a phenomenon in Britain has a great impact on the country's political life, as it led to the division of the two major parties in Britain, the Conservative and Labour parties. This division affected the parties themselves as well as the British relationship with Europe.

In the very beginning, many countries inside Europe and outside from different continents believed that Britain would not be that active and constructive member in the EEC. President de Gaulle tried to prove this through his speech in one conference and provided the explanation about his repetitive refusal of the Harold Macmillan's application for membership (Grant 1). He stated that Britain is a very special country in its geography, lifestyle, and that it depends on industrial and commercial activities rather than agricultural reliance; these circumstances made the task hard for Britain to be disciplined to the EEC policies.

Thus, it can be said that Britain was not that beloved country to satisfy the desire of the founding members of the EEC, as well as its benefits which should be provided to the European Union.

The adoption of Euroscepticism in Britain was not only restricted to the politicians and the statement but rather the public opinion played an important role in the British refusal to the European integration, this opposition was represented in polls when the British were asked to answer the question "do you ever think of yourself as European?" (Eurobarometer) the result was as follow:



**Fig. 1:** British Poll about Nationality

Source: Eurobarometer. European Union, 1995–2015.

The data which was provided by Eurobarometer represent clearly the British opinion concerning the question which was requested as follow: do you ever think of yourself as European? Sixty-seven percent of the surveyed said they never consider themselves as Europeans. This negative response proved again that the British public does not feel the sense of belonging to Europe in contrast to the other European countries.

Moreover, to speak about the political parties in relation to the Eurosceptic British view it can be said that the struggle between them started at the very beginning and made a division between the parties. This phenomenon in the UK saw the important ebb and flow within the Conservative and the Labour parties. In 1966, the leader of the Labour party Hugh Gaitskell spoke about the five points which include: competitiveness, flexibility, the need for power to flow back to the member states, democratic accountability, and fairness. He stated that if these five conditions are not accepted his party will not welcome joining the EEC (Tournier-Sol and Gifford 18). This what made the other eurosceptic forces and conservatives refuse and stand strongly against the acceptance of more European integration by the Labor



Party. They had seen this as a transmission of the sovereignty and authority of the British. Generally, the Labour Party had taken more relief with the Europeans philosophy and their policies of the EU in contrast to the Conservatives.

Conservative Prime Minister Margaret Thatcher after her election in 1979 became the best-known figure for its opposition to the EU; through her speeches she had always emphasize on the idea that the strengthening of the EU sovereignty would be harmful to the British government as well as its issues. Her famous speech in the College of Europe in Bruges in 1988 is considered as the cornerstone or the first Eurosceptic attack towards the EU interference whether in the political issues or economic ones. Thatcher remarked: We have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level, with a European super-state exercising a new dominance from Brussels. Certainly we want to see Europe more united and with a greater sense of common purpose. But it must be in a way which preserves the different traditions, Parliamentary powers and sense of national pride in one's own country; for these have been the source of Europe's vitality through the centuries.

What is meant by her speech is that she was really proud of Britain being a part of Europe, and they had a long history and contributions to prevent Europe from the dominance of a single power and fought for its freedom. But regardless of her pride and glory to this sense of belonging, Thatcher had a strict view to this integration or what she called it "European super-state." She saw this integration as a threat to the British sovereignty, stability, and prosperity as if all over its efforts which were made through history will be vanish and melt in one large state.

In addition to the mitigating views of Conservative and Labour Party, another ppolitically party was created in 1993 by Alan Sked to focus on the issue of withdrwal from the EU, the United Kingdom Independence Party (UKIP). Regardless of the difficulties that

faced the party whether in its relations to its leadership or to other parties, it was successful in finding a place as a minor party on the political arena as a result of its notable electoral hit. The UKIP emerged to stand against the ratification of the Maastricht Treaty and aimed at facilitating and securing a drop-out of the UK from the EU. The party was concerned also with policies and other issues such as taxation, health care, transportation, and defense. The UKIP called for free trade with the European countries instead of further political union and interference between the member states. The party emphasised the idea of substitute the UK membership of the EU to be more economically beneficial and replacing it with free trade agreement.

### **1.5 Brexit and Its Motivations**

As one of the most important and crucial subjects in post-war history, Brexit is considered as a turning point in British policies, economy, as well as all the other fields. The word Brexit represents a compound noun or a linguistic blend that includes two words “British” and “exit”. The first appearance of this word was in a blog post written by Peter Wilding on 15 May 2012 entitled “Stumbling towards the Brexit” where he concluded his essay predicting the end of Britain as Greece by saying “Unless a clear view is presented that Britain should at least lead Europe to achieve the completion of the single market, a Greek exit from the euro may follow another sad word: Brexit.” The word “Grexit” had been in use since February 2012. Peter wrote a book called *Influencing the European Union* as well as he held the position of Media Head of the Conservative Party in the European Parliament, and lectured as a solicitor in EU law, he was director of the lobbyist group British Influence, he worked more than 20 years in the comprehensive campaign in favor of European Union membership. Later on, the word Brexit has been added to the Oxford English Dictionary (OED) to mean the withdrawal of the UK from the EU, and the political process associated with it.

In fact, the idea of Brexit existed since its joining of the EU when political British leaders and politicians debate the existence of the UK should be re-evaluated. Indeed, this opinion was strict for some party members in the government of PM John Major when he signed the Maastricht Treaty he faced a total disagreement from his party's lawmakers and they voted against him in 1993.

The UK tried always to keep a distance in its relations with the rest of Europe; this was clear from its late request to join the European Community in 1963 and again in 1967 until it became a member in 1973. In sense, the British accession came late after 16 years as a way to maintain its relation. The 23 June 2016 is considered as a surprise for the whole world, the result of the referendum which was hold was percussive and unexpected. In the European continent since the fall of the Berlin Wall in 1989, this Brexit referendum is considered as the most considerable development (Riley and Ghiles 1).

Many poll companies in the UK, including Lord Ashcroft Polls, conducted surveys searching for the causes that led to Brexit. Respondants to the Ashcroft's polling team evoked sovereignty and international influence, and 49% of them emphasized "the principle that decisions about the UK should be taken in the UK." In other words, the British people opposed any external interference or control and they beleived that the UK government should be the only decision-maker over its people.

The popular newspaper "The Sun" on June 19th, 2016, asked the British people to vote for "Vote Leave" writing:

They have progressively tied us up in millions of new regulations. Brussels has bogged down our small businesses with red tape and milks Britain for billions each year as a membership fee, preventing our natural spirit of enterprise. Its courts overrule ours, and our elected Government. Unless we vote Leave this Thursday, all of this will get much worse. ("A Vote for Brexit").

The British saw Brexit as an opportunity to get rid of the restrictions imposed by the EU, and get power to the British laws as well as be a part of other international organizations like the World Trade Organization (WTO).

In the poll results, 33% of respondents mentioned immigration. For these, the withdrawal from the EU would be more beneficial for the UK to recapture its surveillance over the borders as well as reduce the number of immigrants.

According to the Economist (2016), migration played a sensitive role in the process of voting to leave the EU. Voters saw that these migrants affected the British economy. Statistics show that there was an increase of 200% between 2001 and 2014 in terms of foreign-born numbers, and migration increased from 201,000 in 2013 to 268,000 in 2014 and as result, the government spent more than 3.67 billion of pounds. In addition, the supporters of Brexit were certain that immigration has an impact on the social and cultural structure of the country, especially, after the number of EU workers increased in the UK during 2004.

With regard to PM Theresa May in her interview with journalists in her tour to Jordan and Saudi Arabia she said “What is crucial for the British public, what was part of the vote that they took last year, was that they want to ensure that we have control of our borders and control of our immigration.” Mrs. May clarified that the British people's opinion concerning the subject of immigration is also a governmental interest, in which the British government is concerned always with its immigration policy and it would be more interesting after the Brexit.

Thirty-seven percent of the respondents evoked terrorism and said there is a link between migration and the rise of terror threat, and mostly they linked it to Muslim people as a result of the creation of some terroristic organizations such as ISIS. Britain before the 2016 Brexit referendum was looking for its independence from the EU, and the rise of the terrorist attacks and the sense of nationalism and patriotism increased in British people. The sense of

fear and panic after the terrorist attacks was a reason for the British to prefer internal cohesion rather than external groups and to reduce support for the EU and its policies. This is one of the most important reasons that pushed voters to decide for a withdrawal from the EU (Bove et al. 5).

The poll shows that 32% of the left voters believe that the UK has an unfair economic position in the EU, as well as they saw that the British economy was not doing well due to the restrictions from the EU. Moreover, this Brexit economically will provide the UK with more freedom and its relation with the EU will not be restricted to a specific law. In addition, the UK will have further opportunities to built new relations with the biggest economic countries such as China and the USA.

## **Conclusion**

The relationship between the UK and the EU, and before between the UK and Europe, was characterized by suspicions and mistrust. The UK was cautious about keeping its sovereignty and status as a global power. In the post-WWII years, British politicians were still trying to stick to their empire and believed they were more than just an ordinary European country. Therefore, they were reluctant to join in a European organization. Later when they realized the opportunities such a cooperation would offer, they requested membership in the established European bodies, but only to be rejected by the veto of French President Charles de Gaulle who was suspicious about the attitude of the British towards the established European policies and about the “special relationship” of the UK with the United States. Eventually, the UK joined the European institutions in 1973 just to be the first EU member to leave it. It seems de Gaulle was right; the UK could not subdue its Euroseptic tendencies and perhaps it was more Atlantic-oriented than continent-oriented.

British Eurosepticism has gained an enormous importance among population and politicians as arguments kept growing. Eurosepticism was always present and even if

political parties held sometimes opposing views about Europe they all had their share of Euroscepticism. Euroscepticism had always characterized British politics and policies towards the EU and had a part in decision-making where British politicians used all their influence to slow down European integration and break the relations with the EU institutions. To sum up, it can be said that Euroscepticism, resulting out of the people history and the country geography, was always one of the features of British politics and led to the withdrawal from the EU.

## Chapter Two

### The 2016 Brexit Referendum and Negotiations

#### Introduction

As planned, a referendum was held on 23 June 2016 to decide on the issue of leaving the EU. Voters were asked the question, “Should the United Kingdom remain a member of the European Union or leave the European Union?” The result was a 51.9% vote for the “Leave” option and a 48.1% vote for the “Remain” option. This result shocked many in the UK and Europe especially that polls had predicted a remain vote. Out of the 168 polls carried in the period from September 2015 to June 2016, only fewer than a third had predicted a leave vote.

The referendum was preceded by a heated campaign that saw the creation of cross-party groups campaigning for the leave option and the remain one. The Leave campaign which gathered many grassroots groups was led by Nigel Farage and his party the UK Independence Party (UKIP), while the Remain campaign led by Britain Stronger in Europe was supported by PM David Cameron and his government. Cameron, however, allowed his minister and Conservative MPs to campaign for the Leave vote if that suits their conscience.

After the 2016 referendum, the UK entered a long journey of complex negotiations with the EU to make the withdrawal effective. This period started when PM Theresa May activated Article 50 of the Lisbon Treaty at the end of March 2017. This step provides the procedure for leaving the EU and confirmed the government decision to respect the referendum results despite calls for another referendum. The activation of Article 50 was the beginning of a two-year renegotiation round during which the UK negotiated its place in Europe and the world. Moreover, the UK negotiation was not restricted only to a divorce agreement or withdrawal, but also it was concerned to deal with negotiation for its future

relationship with the EU. The UK went through many obstacles, difficulties, and disagreement within its parties and politicians, as well as outside the UK with the other EU member states. After nearly two years of negotiations, the government has published the Withdrawal Agreement (WA) between the UK and the EU, as well as an outline of the political declaration on the future relationship after Brexit. On 31 December 2020, the UK officially left the EU.

## **2.1 The 2016 Referendum**

A referendum is a word which can be traced back to the 19th century, and it is Latin word neuter of referendus, gerundive of referre to refer, its plural is referenda or referendums. It was used first in Switzerland as a result of the newest constitutional adoption which provided voters with the opportunity to decide in certain affairs and issues. It takes the form of questions on the ballot at election moment; often it includes some issues (proposed constitution change, new zoning ordinances, new taxes, etc.). A referendum can be defined as a certain precept or practice in which it is suggested by the legislature for people to vote on a measure or decision to the benefit of the whole nation. The Oxford English Dictionary defined the word referendum as a “procedure of passing a political question in order to take a direct decision by a general vote of the whole voters.”

The June 2016 referendum was a big challenge who declared in 2011 that his party was not interested in dropping out o eth EU. “I don’t believe an in/out referendum is right because I don’t believe that leaving the EU would be in Britain’s interest,” Cameron stated. He tried to persuade the British people with his opinion concerning the remaining in the EU for three reasons, the first was the responsibility towards opportunities of millions of jobs and millions of families in the country which were going to determine by the rules governing the single market as well as he saw that the national interest is to stay in the EU. Furthermore,



due to the economic crisis, it was not high time to leave. A third reason, according to him which was important is that the withdrawal would be harmful to the national interests.

Cameron who was criticized harshly by the Conservative Eurosceptics because his refusal to discuss an EU withdrawal changed his mind in 2013. In the long-awaited speech delivered in the London headquarters of the UK media organization Bloomberg, he declared that the British people must “have their say” on Europe and promised to hold an In/Out Referendum on British continued membership in the EU in 2017 (Cameron).

Cameron justified this delay saying that the issue is of paramount importance and that the British “need to weigh up very carefully the consequences of no longer being inside the EU and its single market, as a full member.” Therefore, it was a necessity the debate take its time.

In the House of Commons, on 22 February 2016, David Cameron announced the decision about the referendum and the date it will take place. “I am today commencing the process set out under our Referendum Act to propose that the British people decide our future in Europe through in-out referendum on Thursday 23 June,” Cameron announced. He finished his speech wondering whether leaving the EU was a good or bad, but he reassured the British people saying the UK was a great country and will continue to be so regardless of the referendum result.

## **2.2 The Referendum Campaign**

After David Cameron’s announcement of his intention to hold a referendum, pollsters started surveying the voters trying to predict the referendum results and to understand people’s motivations and beliefs about the EU being a member of the EU. Polls had shown that immigration, sovereignty, and the economy were the issues that counted for the would-be voters.

According to the result of the survey polls which were conducted by polling company Kantar between the 2<sup>nd</sup> of February and the 8<sup>th</sup> of March, 2018, the reason that led Leave voters to chose to vote Leave was that they want to regain control over EU immigration. In addition, they were against the EU interference in UK law-making. They were also concerned with the economic side and answered that they did not want the UK to send any more money to the EU. They said they were rather looking for solving problems such as inequality, austerity, and social liberalism.

The same polling compagny asked people who supported the UK to remain in the EU to give their justifications and rank them from the most important to the least important. The result showed that what mattered most was the Economy. Respondants said they feared leaving the EU would damage the British economy. Second, they saw that leaving the EU would make difficult for Britain to protect the environment and would undermine workers' rights. In addition, some of them were convinced by the idea that the UK should not abandon its partners in the EU. The last choice which was less attractive for the British people is the strong attachment to Europe, and the trust in the European project.

The British government provided some instructions for the voting process which took place on Thursday 23 June 2016 by answering the question: Should the United Kingdom remain a member of the European Union or leave the European Union? (see fig. 2) The British, the Irish, and Commonwealth citizens who were 18 years and older were eligible to participate in the vote. UK citizens living abroad also voted.

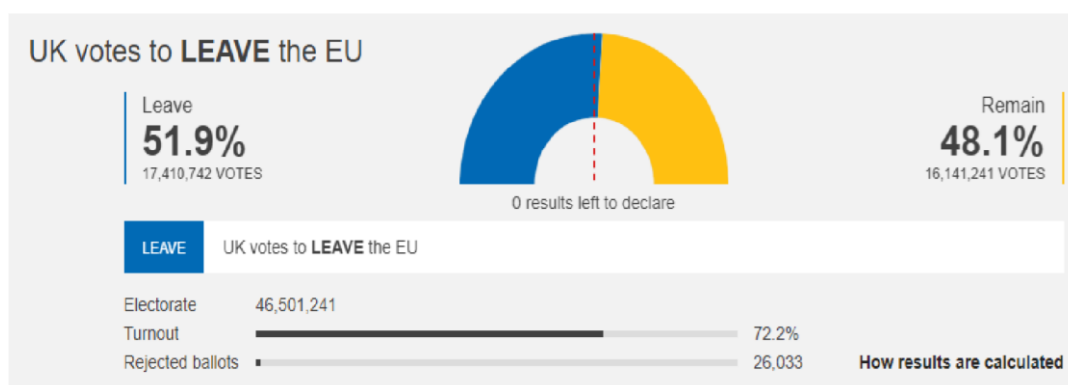
<b>Referendum on the United Kingdom's membership of the European Union</b>	
<b>Vote only once</b> by putting a cross <input checked="" type="checkbox"/> in the box next to your choice	
Should the United Kingdom remain a member of the European Union or leave the European Union?	
<b>Remain a member of the European Union</b>	<input type="checkbox"/>
<b>Leave the European Union</b>	<input type="checkbox"/>

**Fig. 2.** The EU Referendums Poll Card

Source: The Electoral Commission <https://www.electoralcommission.org.uk/media/3906>

### 2.3 The Referendum Results

After 43 years of membership, the British people decided to leave the EU. The result was as follows: 51.9% voted for the country to “Leave” the EU while 48.1% voted for the “Remain” choice with a turnout of 72.2%. More than thirty million people voted (see fig. 3).

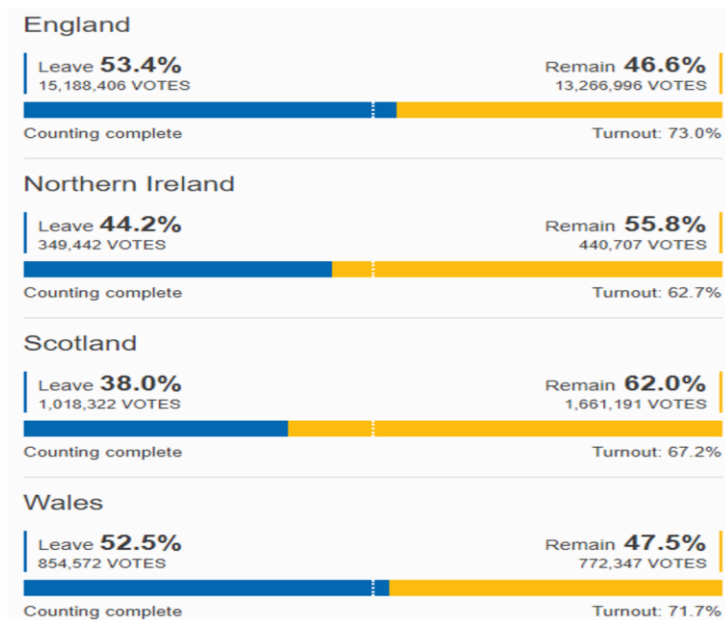


**Fig. 3.** The UK result in the referendum

Source :[https://www.bbc.com/news/politics/eu\\_referendum/results](https://www.bbc.com/news/politics/eu_referendum/results)

The Leave vote won by a 3.8% point margin, and results differed from England which saw the highest vote for “leaving” and Scotland which saw the highest vote for “remaining.”

See fig. 4 below for the national share of the vote for Leave and Remain.



**Fig. 4.** The Nation Results

Source : [https://www.bbc.com/news/politics/eu\\_referendum/results](https://www.bbc.com/news/politics/eu_referendum/results)

England and Wales voted strongly in favor of Brexit with 53.4 to 46.6% for England with Leave getting 52.5% of the vote and Remain 47.5% for Wales. In contrast, Scotland and Northern Ireland preferred to remain in the EU by a percentage of 62% for Scotland and 55.8% for Northern Ireland, to leave the rest for leaving the EU by a percentage of 38% for Scotland and 44.2% for Northern Ireland.

## 2.4 Article 50 and the Leaving Procedures

There was no clear decision after the referendum of 2016 for the UK to automatically exit even if the referendum result was for the Leave option. The referendum was non-binding and some were calling for another referendum, but triggering Article 50 of the Lisbon Treaty ended the debate and started the negotiations to withdraw from the EU.

Article 50, the clause which was not known so far, became the most famous piece of European law and fascinated many people. Article 50 of the Lisbon Treaty which contains about 260 words, divided into five sections was drafted by Veteran British diplomat John Kerr (now Lord Kerr of Kinlochard) in the early 2000s. It was designed to clarify the procedure for leaving the European Union, and its thought came as a result of the rise of Austrian far-right leader Jory Haider who made the EU Leaders worried, and Kerr saw that the best way to bring stability in Europe, is the article 50.

John Kerr has never thought that his country, the UK, would be the first country to invoke his Article. In an interview with *Politico*, Kerr said, “I don’t feel guilty about inventing the mechanism. I feel very sad about the UK using it.” Then he added, “I didn’t think that the United Kingdom would use it”.

Article 50 even if it is very short - just five paragraphs - but is well planned for any country wants to drop out from the EU. It was established as part of the Treaty of Lisbon to become a law when it was signed in 2009 by the whole EU member states. The treaty presented a formal procedure and mechanism for the member states in case they decide to withdraw. This ended the ambiguity surrounding the issue before.

Article 50 provides certain conditions for any country deciding to leave the EU and triggering it requires officially informing the European Council. If one member or more issue reserves about the withdrawal, Article 50 allows for a two years negotiations with the exiting member and discussions in which the exiting member cannot take part (BBC).

The result of the referendum on the UK’s membership of the European Union announced, David Cameron tendered his resignation to the monarch and on 13th July 2016 Theresa May became officially the new prime minister. Theresa May in her famous quote “Brexit means Brexit” meant that those are not only words but rather the UK will fully assume the referendum results and enter in a series of negotiations to determine the rights and

duties of the EU membership. The new PM saw that there is a need to build neoteric relations with their precedent partners. In addition, she emphasized the idea to establish new agreements with the rest of the world (Djurkovic and Menon 21).

Theresa May in her speech on 2 October 2016 in Birmingham conference gave her first indication to start the withdrawal process when she said: “I want to use today to tell you more about the Government’s plan for Brexit, and in particular I want to tell you about three important things. The timing, the process – and the Government’s vision for Britain after Brexit.” She emphasized on building the right plan for Brexit, in this conference she wanted to identify the right time, way, and how this process will work and the British vision towards this departure

By the end of March 2017, Theresa May activated Article 50 of the Lisbon Treaty as an official step to begin the negotiation to leave the EU. In the form of a letter, she delivered her decision to the president of the EU Council Donald Tusk. Theresa May saw this as a historic moment in which there can be no turning back. In her letter, May wrote about British attention to leaving the EU:

Today, therefore, I am writing to give effect to the democratic decision of the people of the United Kingdom. I hereby notify the European Council in accordance with Article 50 (2) of the Treaty on European Union of the United Kingdom’s intention to withdraw from the European Union . . . I hereby notify the European Council of the United Kingdom’s intention to withdraw from the European Atomic Energy Community. (May)

After 48 hours Donald Tusk, the president of the European council identified a “Draft Guidelines” which include a list of instructions for the negotiations. He stressed that the UK can not deal with any agreement with the EU concerning its future until it becomes a third country.

## 2.5 Negotiating the Exit

The withdrawal of the UK had to be negotiated with all the member states and their respective parliaments had to approve the agreements established with the UK. The UK negotiation was not restricted only to a divorce agreement or withdrawal, but it was also concerned to deal with negotiation for its future relationship with the EU.

In the beginning of the negotiations, the UK's unwritten constitution became an obstacle especially that Article 50 was not used before. This created questions related to the process of the negotiation and the departure. On November 25, 2018, the UK created the Withdrawal Agreement (WA) and agreed with the EU about it.

This agreement which contains nearly 600 pages was a legal text administering the withdrawal process of the UK from the EU, in addition to the plan of its future relations. Accordingly, this agreement came initially to tackle all the issues related to the UK departure, and it covers the size of the agreement almost. The WA debates the specific points raised by the EU which are the Irish backstop, protecting UK and EU citizens' rights, financial settlement, in addition to other elements (Morris and Kibasi 3-4).

After the agreement reached in November 2018, the UK Parliament rejected on January 15, 2019, by 432 vote to 202. This was considered a disappointment and a failure for the government in the House of Commons in recent history. After three failed attempts to secure the deal in the parliament, May resigned on June 7, 2019 leaving the office the former Mayor of London and foreign minister Boris Johnson.

Johnson, the newly elected PM came with the main opposition to the previous PM, Mrs. May, in which he substitutes the Irish backstop clause with the new arrangement. By his actions he made historic moments, again, Johnson tried to suspend the Members of

Parliament (MPs) authorities from mid-September until 14 October in order to avoid the chaotic exit from the EU; this request was accepted by the Queen. But this decision was annulled when the eleven judges of the Supreme Court found it illegal and Cancelled it.

Tensions between the political parties escalated into a crisis, and Johnson was obliged to expell twyenty-one MPs because they voted to delay Brexit. As result, the government on 19 October 2019 requested its right from Article 50 of the Treaty on European Union (TEU) the extension of the 31 October 2019 deadline to get more time to finish the ratification of the WA. The European Council accepted their request and determined the deadline to be later extended again to 31 January 2020 according to Article 50.

The Withdrawal Agreement setting out the arrangements for the UK withdrawal, taking account of the framework for its future relationship with the Union, covered the immediate issues such as citizens' rights, financial settlement, the Northern Irish border, separation provisions, governance, and a transition period.

Citizens' rights was one of the most important subjects that faced the Brexit negotiators for both sides the UK and the EU. In 2018, the UK and the EU agreed on the citizens' rights provisions; the WA provides the istructions for the UK and the EU citizens and allowed them to move between member states freely according to the EU law until the implementation of the final decision ("The UK's EU Withdrawal" 19). The agreement provided also for the continuation of the protection for the residence' rights like the right to equal treatment, the right to employment, and social security rights, and others. In addition, it clarifies the process for the residence of the UK and the EU in documenting their entitlement of rights. However, there were some restricted rules; for instance ,they put limitations for free movement between member states for the UK citizens who are living in the EU (Morris and Kibasi 6).



For the UK, “settled” or “pre-settled” status was a scheme in which the EU citizens are required to determine their residency status. During the negotiation, on 19 December 2018, the UK government identified the immigration system and suggested a unified system based on skill and talent for the future immigrants in post-Brexit (“The UK’s EU Withdrawal” 7).

Another issue that took an important share in the negotiations with the EU was the financial settlement. At the beginning of the negotiation in September 2017, Mrs. May in her speech in Florence promised that the UK will "honour commitments we have made during the period of our membership." But the progress of the negotiation later and the extortionate of the EU on July 11, 2017, led Boris Johnson to say that Brussels could "go whistle" if they wanted "a penny."

Moreover, the Brexit financial settlement provide a technique to determine and enumerate the financial commitments that will be covered by the UK for the EU, in addition to its share of liabilities and assets. According to the agreement there was no specific number, but it was estimated to be up to £32.8 billion (Morris and Kibasi 6). Furthermore, the WA agreed that if there is any extension, the financial settlement will not be affected but there will still be further negotiation (“The UK’s EU Withdrawal” 10).

Ireland also on the negotiation table. The Irish backstop was substituted by the new WA. According to the new deal, the whole UK is supposed to leave the EU soon; however, Northern Ireland (NI) will not get a full departure, but rather it will follow EU regulations and Value Added Tax (VAT) laws in its trades and goods, and the UK will gain the VAT instead of the EU. At this point, the negotiators are concerned with the issue, and they saw that reinstating border controls may not be a good thing to left the Northern Irish border or between NI and the rest of Britain without customs checks, this will certainly lead to spread of smuggling and illegal issues.

Furthermore, the continuation of the EU legislation will be still touching NI in different sectors for instance: the VAT and excise, product standards for goods, agriculture, the environment, and electricity markets, in addition to the EU's Customs Code ("The UK's EU Withdrawal" 89).

At this stage, the WA determined what should be applied when it comes to the end of the transition period through a variety of procedures and rights to be granted and continuity for a range of ongoing activities between the UK and the EU such as the continuous customs check, VAT and excise duty matters, and public procurement procedures ("The UK's EU Withdrawal" 29).

Concerning governance, there was two main aspects of the governance of the WA: supervision and dispute resolution; Concerning the supervision and the application of the WA, there will be a joint committee from both the EU and UK interested in the related issues, and the committee will work under an atmosphere full of consensus on mutual positions. In addition to other specialised committees will work with, among them a committee on citizens' rights, a committee on the financial settlement, and a committee on the Northern Ireland backstop (Morris and Kibasi 7). Moreover, when it comes to an obstacle in the Joint Committee concerning a specific issue and they can not find a solution or harmony between each other; here, there will be another choice to request by the EU and UK the establishment of an arbitration panel, and its decision will be an obligation for both sides. In case of a issue related to EU law, the Joint Committee have to take the Court of Justice of the European Union's opinion.

Furthermore, the WA identifies the procedures of settling disputes, in which both sides at the beginning have to go through consultations and discussion, if this does not work and no problem is solved the one of them can demand to form an arbitration panel (Morris and Kibasi 7).

For the WA, the transition period generally is known as a period of gradual implementation. Practically, starting on 1 February 2020 until 31 December 2020, and it could be extended for a period limited to only one or two years. In this stage, the UK remains in the EU as a member state and continue to be treated as member as usual but it will not be able to interfere in decision making or within the EU's institutions (Morris and Kibasi 6).

## **2.6 Political Declaration on the Future Relationship**

Once the transition period provided for in the WA finalised, the political declaration on future relations identifies the outline for the UK and the EU relationship and how was the negotiation will take place. On 17 October 2018, the European Council adopted this document and there were some changes that happened after the negotiation of 2019.

According to the political declaration, the UK and EU citizens rights and obligations are the main ambition to be achieved, of course taking into consideration each part's principles. Also, this document looking for the safety of the Single Market, and the Customs Union for the EU side. While the UK side is taking responsibility to protect its sovereignty, internal market and respect its people's decision in the referendum. The political declaration strongly support the future relationship and shared a belief in free and fair trade, belief in equality under the rules of law and defending the rights, provide the best atmosphere for workers and protect their rights as well as the consumers, the environmental protection, and Protect each other against external and internal threats.

To sum up, the Brexit negotiations from the date of triggered Article 50 until it gains on 23 January 2020 the Royal Assent, and on 31 January 2020 the UK left the EU and entered a transition period, to be officially an independent country from the EU on 31 December 2020 and left the EU Single Market and Customs Union (Walker). The UK left the EU with an agreement in Trade and Cooperation Agreement (TCA), effective on 1 January 2021 which covers different sectors, such as:

- Travel and border controls.
- Trade in services, such as delivery services and telecommunications.
- Trade in goods, such as flowers and food.
- Fair competition, including areas such as working hours and rules on the environment.
- Fisheries, including how much fish EU vessels can catch in UK waters.
- Social security, such as people's right to receive benefits.
- Security, such as agreements on cooperation to combat crime and terrorism.

## **Conclusion**

The negotiation of leaving the EU which started nearly nine months after the referendum was not easy for both sides. The UK tried to no longer be subject to any EU treaty, and during the negotiation, the EU stated that the UK will not take place for its legal and trading relations without agreement. But Mrs May said in her January key speech that leaving the EU with no deal whatever would be better than signing the UK up to a bad one.

After a long negotiation, the transition period agreed upon in the Withdrawal Agreement end on 31 December 2020. The UK thus left the single market and the customs union and EU rules will no longer apply to it. During the intensive negotiations, the future relationship between the EU and the UK has been successfully reshaped.

## Chapter Three

### **Investigating the Political and Economic Impact of Brexit on the UK.**

#### **Introduction**

Brexit is an expression used to elucidate the recession or departure of the UK from the European Union. Brexit is a crucial Political proceeding of the contemporary political situation of Europe. And it has its implications on the political and economic futurity of both the UK and EU. Moreover, the UK is caring for followers of the EU since the commencement, yet in 2016 a general election was conducted in the UK to choose in case they need to stay in the EU or leave.

The British people choose in preference of quit with a popular commonality of 51,9%. Following that referendum, PM David Cameron resigned and recent regular votes were arranged by 2017. So, from the time of the public vote the UK and the EU are consulting a departure agreement and the UK is looked-for to exit the union on 29 March 2019. This meant to say it would have its facets and impacts.

Some opinions emerged calling for other popular votes on the subject since several British citizens assume that Brexit is terrible for the UK. Also, there are pro-EU views in European states who desire the UK to stay a member of the EU. The implications of Brexit on the UK's politics and economics are investigated in this chapter.

#### **3.1 The Political Impact of Brexit in the United Kingdom**

The referendum to exit the European Union in the general election conducted on 23 June 2016 proposed an activity that might take several years to accomplish and is unexpected ever to be achieved in the process that numerous Brexiteers wish. The controversy of the program of separating the UK from the EU posterior to forty years of integration has come to be obvious at the moment from the time of the vote. If it would get to be considered as a

significant corner in contemporary history or simply an incident in the procedure of the UK's developing connection with the others of Europe is ambiguous (Gamble 1).

Additionally, there is a suspect forever to be a political treaty on the aftermath of Brexit, or whether or not, in the long-term, it was devastating or advantageous. The poll threatened one of the upholders of the selected consensus from the 1960s, specifically that the UK's coming time associate with being a full candidate of the EU. So, the general elections have imposed a current shift in British Politics (Gamble 1).

### **3.1.1 The Political Impact of Brexit on the UK's Domestic Politics**

Brexit has been confirmed as disastrous for the domiciliary politics of the UK even now. There is proceeding confusion and separation in British Parliament (BP). Moreover, British political coalitions are even separated from within and there is a separation in the British public too. The directorship has relinquished to control the country in a particular process. This meant that the Brexit election has contributed to a sequence of political incidents in the UK (Mustafa et al. "Political and Economic Impacts of Brexit on European Union." 16).

The very initial impact of the Brexit general vote was the resignation of the UK's PM David Cameron out of his post. He has worked for six years in his post and his political occupation ended along with the aftermath of the Brexit poll as Leave gained the vote. Before the Brexit election David Cameron has attempted his best to persuade British people to vote for a stay since exiting the EU will be an economic self-inflicted punishment, yet the outcomes of voting were astonishing for Cameron (Mustafa et al. "Political and Economic Impacts of Brexit on European Union." 16).

As McKenzie demonstrates Theresa May come to be the UK's PM on 13<sup>th</sup> July 2016. She came to be the second female PM in British history after Margaret Thatcher. On 29<sup>th</sup>

March 2017, UK formally brought on Article 50 of the Lisbon Treaty and then the commencement launched two years after requesting Article 50 the UK appoint to formally exit the Union on 29<sup>th</sup> March 2019 (qtd. in Mustafa et al. “Political and Economic Impacts of Brexit on European Union.” 5).

In addition, the perspectives of constitutional coalitions have changed in the years when the UK allied with the EEC. The conservatives firstly utilised a pragmatic direction, knowing that membership may perhaps promote Britain’s economic amelioration via opening the way to current industrial stores and hence stop its drooping position as a world authority (Menon and Salter 1301).

Moreover, it was declared by the Bank of England (BE) to the International Monetary Fund (IMF) that strange anxiety conveyed in the phrase “what danger it’s largely influenced.” The Remain campaign had a lot of misdeeds and its commanders created a lot of misinterpretations, although it was still able to consider on the help of the whole of the political government, and trading leaders, in addition to an effective bunch of national and international assembly and authorities (Gamble 3).

Gamble maintains that the election was a serious shock to the jurisdiction of the political group and the ruling organisation of the country. It made a major break among parliament and people because even though the people elected for Leave, there was a considerable generality amongst MPs for Remain. Additionally, the ballot was only annotative but “could parliament reject a certain simple instruction belonging to the electorate, specifically when the PM had attempted to recognise the outcome?” Greatest MPs realised that they might not, yet they confronted other trouble (3).

Gamble continues to say that nobody could be certain at which point to explain that recommendation, because there had been no official announcement and electors had several distinct justifications for electing as they did. Then Gamble expresses “the will of the people

as to what kind of Brexit they wanted had to be interpreted by the government and parliament. It could not simply be assumed.” (03).

Hanretty mentions that in the instant outcome of Brexit both essential political parties were drooped in confusion. Moreover, David Cameron left instantly as leader of the Conservative party, provoking a directorship election as long as Jeremy Corbyn coped with leadership defiance following the retirement of upmost of his principal bench team party due to his unwelcoming assistance for the Remain campaign ( qtd. in Gamble 3).

The duo parties were obliged to run directorship votes at the same moment, which had none existed earlier. So, both coalitions were appeared to be profoundly segmented by the poll outcome but in distinct manner. Fifty-nine percent of electors who had assisted Cameron only a year preceding the 2015 public vote had denied his instruction and elected exit in 2016. And for Labour 63% of Labour voters had elected stay and only 37% Leave, yet 70% of labour electorates chose Leave (qtd. in Gamble 4).

It is stated that the Brexiteers and Remain campain was mostly contradictory. Remainers reminding of the dire economic implications of Brexit, though Brexiteers stressed the flow of new immigrants which might immerse the UK from Eastern Europe and Turkey if the UK has chosen to remain in (Gamble 4). Furthermore, a supplementary threat, therefore, rises that for increasing nationalist coalitions, raised flows of EU nationals into their labour markets to come to be a serious political subject. Nationalist coalitions, like the United Kingdom Independent Party (UKIP), aim to not just criticize the EU for its breakdowns in coping with migration flood; hence, in addition for the growing movements of EU Labourers into their nations (Giles 4).

Jessop declares that the Brexit crisis denotes a long-term break in the government, falling representative trouble in the coalition system, an increasing mess of command for political nobility, a lawfulness disaster of the state, and a catastrophe of national-popular



supremacy over the population. Also, he explains that the Brexit conjuncture is more specifically like the following ones; first, access into and everlasting membership of the EU have confirmed a neuralgic point in British domestic affair, dividing imperial nostalgists, nationalists, Atlanticists, Europeanists, and globalists from the 1950s' onwards in distinct manners at various moments (133-4).

Second, the costs of an application for the controlling classes (as; for fraud, patronage, sleaze) and an absence of confidence amongst the controlling classes, helped the disgruntled chiefs to access as a sovereign power. Third, an increasing disconnect among the natural ruling coalition in Westminster is remarked; their voters showed upmost currently in assistance for Scottish Nationalism and the UKIP. Fourth, a lawfulness mess as succeeding neoliberal plans yielded to provide nationwide welfare, plus, brought into existence circumstances for fiasco-financial troubles (Jessop 134).

As Gramsci identifies these and other determinants guided David Cameron, the Conservative party leader and Prime Minister, toward mistakes of the decision in a venture neutralise internal coalition disagreement and undermine popular assistance for UKIP, subjecting his coalition and the nation to "a suspicious future" via fallacious pledges or guarantees (qtd. in Jessop 134).

Gramsci continues to maintain that Cameron did not predict to have to effectuate them primarily since he did not intend triumphing parliamentary masses and then since he assumed the pol-sci of unease could achieve or bring triumph. So, what is essential is that the drawback along with this strategy was that the authorisation party had mislaid control over public opinion, the connection between political and civil society, concerning the EU. Gramsci says that another important reason in alternating public opinion in these sceptical moments was the union of those "charismatic men of destiny," Nigel Farage (populist chief of UKIP) and Boris Johnson (the high-profile Conservative Mayor of London (qtd. in Jessop

134).

Finally, departure might involve significant consequences for UK domestic regulation. The UK parliament and the deteriorated organisations would have to take into account how to exchange EU rules, containing how to manage a legitimate and regulatory system where that had before relying on EU legislations. So, sanctions counter nations such as North Korea, and for some terrorist bands or persons, are mostly possessed at the EU level instead of being kept domestically. And several financial laws, such as those governing practical necessities for banks and expenditure funds, have a straight impact from EU legislation (HM Government 20).

### **3.1.2 The Political Impact of Brexit on UK's Foreign Politics**

It is demonstrated that against certain conditions compared to any time before, the British require now eyesight for the newest British foreign policy that would guard the country's long-term objectives, safety and welfare in a quickly transforming world. Besides they stand experts of their expectation, even so with growing independence comes as far as the awareness that they ought to take extra engagement (Bew and Elefteriu 2).

Certainly, there are several further dangers, threats and setbacks to Brexit. Yet there are also possible chances and advantages. So, what is above uncertainty is that bold ideology and quick attempts are necessary to diminishing threats, gain opportunities, and arrange the newest approach (Bew and Elefteriu 2). Moreover, the reformation of the international policy must be directed in an attitude of courageousness and self-bravery. So, this source provides some original directional commentary about how the authorities must consider the question of Britain's position in the world following Brexit (Bew and Elefteriu 3).

The existing fundamentals of British sovereignty are stable. These contain official membership of international institutions like the United Nation (UN), the Group of Seven (G7) and North Atlantic Treaty Organization (NATO), intelligence sharing arrangements

(like membership of the “five eyes” group), the Commonwealth and a deeper arrangement of prominent leagues beyond the world. Additionally, Brexit shall not be authorised to come to be a recent matter in the history of reduction that has been mounting up in the latest years. So, to indicate the clear issues in foreign affairs (Bew and Elefteriu 3).

The predominant temporary aim for UK international policy nowadays would be to support the present effective Brexit discussion with the EU. Although this has immediately evacuated, the UK should ameliorate an insight for what kind of EU it would upmost prefer to guarantee up in the coming times and help its advancement. As well as, it must be recognized that the UK’s depart from the EU would have a political outcome on the European condemns counter Russia and the stronger interconnection of NATO (Bew and Elefteriu 4).

Also, because of these changing diplomatic interaction, it is important to rediscover a sense of power balance which has controlled Britain’s strategy to Europe for decades. Besides, on the subject of a transforming “balance of power,” the UK connection with an amount of Eastern European EU members call for renovated supervision. Furthermore, Brexit emphasises the crucial significance of the “special relationship” with the United States (Bew and Elefteriu 5).

In addition, it is fairly necessary that a revived “special relationship” must not be a preliminary to raised reliance. Which has meant that instead of taking more from this alliance, it should contribute more to it. Plus, in experiencing its idiosyncratic “pivot to Asia,” the UK is seemingly to confront difficulties, besides huge chances, that need considerable regard. Another point is the more as the UK must reject getting copped in any military engagement or huge-scale security affair in the close future, it might be catastrophic to assume that issues of tranquillity and fighting may be aspired apart (Bew and Elefteriu 5).

The British, in adapting themselves to a fluctuating environment it is said that they should consider the principle of the foreign policy they have acquired, and do their utmost to reserve it. Also, the litmus examination of the UK's sincerity in reaching its responsibilities on security is in its assessment to NATO. Another point is the more as the UK must reject getting copped in any military engagement or huge-scale defence affair in the close future, it might possibly be a catastrophe to assume that issues of tranquillity and fighting may be aspired apart (Bew and Elefteriu 6).

Furthermore, the UK holds several exceptional "soft power" resources in its possession though it ought to be bound by no fallacy that "hard power" nations practise a prevailing impact in foreign affairs. Moreover, it continues to exist a case that territorial unity of the UK is viewed as the largest test of the UK's commitment as a world global force than membership of the EU. So, on the subject of Brexit, it is highly significant than ever earlier that Scotland stay inside the Union (Bew and Elefteriu 7).

### **3.1.3 The Political Impact of Brexit on Ireland, UK, and EU Relationships**

It has been said that Northern Ireland would be addressed with challenging subjects about the connection with Ireland. Exterior the EU's Customs Union, it would be significant to instruct customers reviews on the transportation of goods over the border. Also, issues would require to be resolved about the Common Travel Area (CTA) which includes the movement of people. So, this might have an outcome on cross-border collaboration and trade (HM Government 19).

Moreover, immediately after exiting the EU, the Irish boundary is the UK's landbound with the EU. Due to the exceptional bordering position between Northern Ireland (NI) and the Republic of Ireland (RI), the UK has in recent times announced an outlook paper that agrees, amongst others, that the UK will sustain the Belfast Good Friday Agreement

(GFA) in all its regions to conserve the CTA and affiliated possession, and evade a hard borderline for the transportation of property (Chang 2367).

Furthermore, the UK does not wish to observe a come back to the borders of ancient history. Otherwise, it is suggesting for a broad-extending exception for little and intermediate-categorised businesses from having to fulfil along with any newest protocol tariffs, even though there will still be a blend of technology and physical safeguards to scrutinise the obedience of vaster businesses immersed in foreign trade (Chang 2367).

Additionally, certain another kind of barriers might still be essential such as stopping Eastern European migrant employees from utilising the Dublin airports as a private into the UK. Also, the EU authorities just proposed the concept of maintaining NI within the EU's Customs Union (CU). However, such conception is offensive to London, as it may efficiently signify abound between NI and the remains of the UK (Chang 2367).

As well as, it appears essential arrangements concerning that subject and related to several fields between the two states. To mention some of them would be like the following ones; the displacement of British and Irish population appears obvious since the CTA permits British and Irish people to leave gratuitously between the UK and Ireland. Also, regarding the freedom to inhabit the CTA allows the British population to occupy inhabitation in Ireland and Irish citizens to occupy inhabitation in the UK (Coveney and Lidington 2).

Plus, concerning the liberty to earn a living the CTA provides British people in Ireland and Irish Citizens in the UK the liberty to earn money, containing on self-employed grounds, in the absence of any demand to gain approval. Additionally, for health care, the CTA provides British people living in the UK the liberty to enter Intensive Care Unit (ICU), routine and organised publicly financed health offices in each other's nation. So, those are just a few mentioned examples among many other arrangements as; social protection, social housing, education, voting, and so on (Coveney and Lindington 3).

### 3.1.4 The Political Impact of Brexit on the Issue of Gibraltar

There might be major consequences for Gibraltar once the UK quit from the EU. Within the EU, Gibraltar has the liberty to march for free to Spain, and the freedom to create commerce and allow arrange activities there. Though before Spain conjoined the EU in 1986, the borderline was blocked from 1969-85. In case the UK exit the EU, there might be no assurance that the borderline will stay unblocked. Also, the Chief Minister of Gibraltar has mentioned that this could produce “an immediate menace in economic conditions.” Besides, the Channel Islands (CI) and the Isle of Man (IM), which benefited from particular preparations for entering the EU, could confront the equivalent misgivings as well (HM Government 19).

Furthermore, Gibraltar which was occupied by Great Britain by the Treaty of Utrecht 1713, is still a disputed territory with Spain. Also, Gibraltar has a very distinct connection with the EU from national UK regions as is an independent Crown dependency, which appointed, dissimilar to CI and IM, to annex the EU along with the UK in 1973. And it is ruled under EU legislation by article 355 (3) of the treaty stating to European areas for whose external connections a Member State (MS) is responsible. So, Gibraltar’s authorizations address upmost EU issues and it is considerable for exchanging Single Market (SM) commands (Keating 21).

By June 2016 public vote, Gibraltar voted 96% for the UK to stay in the EU, greater than in any region of the UK. The whole coalitions, businesses and the trade unions were absolutely in the goodwill of staying. Because Gibraltar is not a region of the UK and not illustrated in Westminster, it is incapable to ally an efficacious anti-Brexit political party or straightly affect the provocation of Article 50 of the Withdrawal Bill (Keating 22).

The influential interest in Gibraltar is borderline. Ther is common aid for the chargeless displacement of employers, even though this is mostly expressed as “flexibility” to

escape conditions that could trigger British adherents. As well as, the nearby concern is being waged to advancements in Ireland, which could offer a model, yet there is a significant distinction. In Ireland, the matter of cross-border displacement of employers could be haggled by a bilateral UK-Ireland deal to let people of each state work in the other (Keating 22).

Michael Keating assumes that in the case of Gibraltar the discussion would have to enlarge to the non-Spanish EU populations passing over the border. In the other regard, Gibraltar precedently has frontier travel papers regulations with the two Spain and the UK. So, there might be no trouble of EU employers using free movement to enter Gibraltar and then shifting secretly into Spain (or UK workers going on the contrary administration).Accordingly, there is no factual difficulty to Gibraltar running its programme on entrance for both EU and UK employers (22).

The subsequent controversy is the free market infrastructure. Moreover, the current arrangement relies on European directions and this would have to be handled with the UK if the UK emerges out of the SM. Also, Gibraltar would venture a loss of 20 per cent of its office trade with the E 27, yet that is less significant than the UK market. Additionally, Gibraltar has been operational in looking for assistance in London, the devolved states and Europe (Keating 22).

There is a bilateral UK-Gibraltar Joint Ministerial Committee (GJMC) on Brexit, distinct from that for the local institutions. This gives for entering to UK ministers to represent Gibraltar's rights of way, yet there is no assurance that these would not be traded off in the discussions. In addition, the Spanish Government (SG) viewpoint is that any residence for Gibraltar needs to be discussed dually between Spain and the UK (Keating 22).

This attitude was emphasised on 31 March 2017 in point 22, "After the United Kingdom leaves the Union, no agreement between the EU and the United Kingdom may apply to the territory of Gibraltar without the agreement between the United Kingdom of

Spain and the United Kingdom.” This has meant that it improved its guidelines for collective sovereignty though this has been abandoned by the regimes of both Gibraltar and the United Kingdom (Keating 22).

### **3.1.5 The Political Impact of Brexit on UK-US Relations**

As it was claimed that Brexit emphasizes the fundamental significance of the “special relationship” with the United States, the UK within the EU consistently had to function as a diplomatic equilibrium referred to as the “Atlantic bridge” between the United States and Europe. Withdrawing from the EU permits for a reexamining of priorities. So, a renewed and invigorated connection with the US is of vital significance for several justifications (Bew and Elefteriu 5).

Bew and Elefteriu assumed that the most justifications for these renewed relationships are the following ones; firstly, a special collaboration with Washington Direct Current (DC) is an important obstruction for those who would enforce penal ideas on the UK in the subject of Brexit talks. Secondly, a more efficient connection with the world's preeminent military and economic strength is needed to abstain from any noticed deprivation of “clout” on the foreign level that would succeed Brexit. Thirdly, the UK has a profound and long-standing concentration to recompense tendencies regarding American evacuation or recession from Europe or the Middle East (5).

Overall, there was an acceptance over the various participant's team that UK-US investment financial affair is important for the upcoming times' welfare. Also, some participants considered growing investment from the US in UK states like the North of England as being an important possible profit from a trade deal with the US. So, a repeated main idea, especially from the appeal answers, was the seriousness of investment among the nations being mitigated, though not at the expenditure of labour and environmental securities, nor public offices (Fox 36).



Moreover, as is stated by Fox the declarations on public services, containing the NHS are normally included among the office's chapter of a typical Free Trade Agreement (FTA). In addition, some participants viewed that nations which do not cause threats to local security must not be exposed to a review by the Committee on Foreign Direct Investment in the United States (CFDIUS) (37).

According to Derek Mix, he identifies that the UK's close connection with the U.S. has been a centrepiece of British international policy, to a different level and along with some changeability, from the 1940s. So, the UK usually is recognized to be a dominant affiliated view informing U.S. international policy discussions, and viewers affirm that the UK's position as a nearby ally of the U.S. has generally helped to escalate its worldwide impression (14).

Besides, British assistance has frequently enhanced bringing foreign reliability to U.S. policies and proposals, and the special U.S.-UK relationships have offered shared concerns in organisations like the UN and NATO among other multiple associations. Plus, the UK keeps observing the U.S. for special relationship and has wanted to ameliorate its U.S. links after Brexit. Additionally, Post-Brexit advancements in connection to UK's universal role and effect are expected to have results for notions of the UK as either an efficient or an inadequate collaborator for the U.S. (Mix 15).

Mix continues to say that the resigned President Trump was eloquent in frequently addressing his favour for Brexit and a US- UK trade agreement. Throughout the Trump Administration, the U.S. and the UK stayed mostly united on a variety of international policy and security affairs. This meant that the dual nations sustained close partnership, for instance, on matters as counterterrorism, combating the Islamic States, and wanting to put an end to the war in Syria (15).

Furthermore, PM Johnson also addressed assistance for the Trump Administration's

Middle East Peace Plan (MEPP), switching Theresa May's previous protestation of the Administration's identification of Jerusalem as Israel's capital. In contrast to the special connection between President Trump and PM Johnson, there still were critical U.S.-UK policy disagreement over diverse announcement formed by the exiting president like; the UK regime supported the Joint Comprehensive Plan of Action Agreement ( JCPAA) ( called as Iran Nuclear Deal (IND) ) and the Paris Agreement (PA) which clashed with the Trump Administration's judgements to pull out the U.S. from those treaties (Mix 15).

In addition, President Biden has explicitly indicated the opinion that Brexit should not break the GFA, and that several U.S.-UK free trade deal is relative on neglecting the establishment of a firm boundary on the island of Ireland. Plus, the U.S. presidential transition from President Trump to President Biden induced some promoters of close U.S.UK links to show fear about partnership. So, there are some interests in the UK that PM Johnson's special relationship with resigned President Trump, in addition to previous remarks concerning retired President Obama, possibly will hurt his reputation with the Biden Administration (Mix 16).

Some analysts assumed that the Biden Administration is highly to put uniformly efficient emphasis on working to renovate U.S.-UK tie-in and that connections along with the post-Brexit UK, containing a trade bargain, might not be a most elevated U.S. primacy. However, President Biden and Prime Minister Johnson have expressed a suggestion to initiate a practical active partnership and experts indicate both leaders are presumable to shift any personal distinction apart and achieve mutual incentive collaboration on many subjects (Mix 16).

The Johnson government notice the absence of the Trump Administration's powerful assistance for Brexit and a U.S.-UK free trade deal, yet the Biden Administration's stress on

confederations and multilateralism, controlling foreign standards, and eliminating climate change seem more equivalent with UK international policy submissions. Moreover, the Biden Administration's commitment to join again PA sounds to provide a special chance for U.S.UK teamwork, as Johnson aims to enhance purposeful climate strategies and highlight UK governance on climate issues (Mix 16).

Finally, Mix declares that facing the covid 19 epidemics, probably reengaging in international politics with Iran, and expressing a series of puzzlements presented by China are expected to be extra centres of attention for U.S.-UK teamwork. Furthermore, succeeding the April 2021 declarations that the U.S authorities would leave from Afghanistan on September 11, 2021, the UK conjoined all the NATO helpers in determining to start exiting their lasting powers from Afghanistan by May 1, 2021, as well as, to accomplish the run out of all troops from the state in a period of a few months (16-17).

### **3.2 The Economic Impact of Brexit on the UK's Economy**

During the nine months following the poll, the British economy appeared to survive the danger, expanding at nearly the degree guess previously in 2016 on the speculation the nation would stay in the EU, provoking expected pleased from several on the 'quit' position. Nevertheless, advancement held back in the primary quarter of 2017, and diverse analysis facts, announced in the expansion to the break public vote asked for June 2017, indicating a slow down of the economy. Also, the unsuspected implication of the common voting has brought out questions, not only around how the UK would update its partnership with the EU but also has revived considerations around the economic implications (Begg 299).

As it is demonstrated the city of London is considered the greatest financial center in the world so far, but there is a serious concern around the position of London as the discharge market for euro-baptized commercialism. Also, as it is declared if the "sporting" franchise is

determined and no other shared recognisance on financial activities is handled, the effect on London could emerge extremely larger (Chang 15).

Chang also mentions that conformable to appraisals molded by Djankov in 2017, the straight pessimistic aftermath on the monetary branch to London might be a 12%\_ 18% decrease of income and a 7%\_ 8% fall in occupation. In addition, Blake by 2018 has completed a thorough examination on this issue and had proposed a proportion of policy replies (15).

There are two different views in regard to the impact of Brexit on the UK economy. Some experts believe that Brexit will bring some advantages to the UK economy, while others claim the opposite saying Brexit is likely to damage British economy.

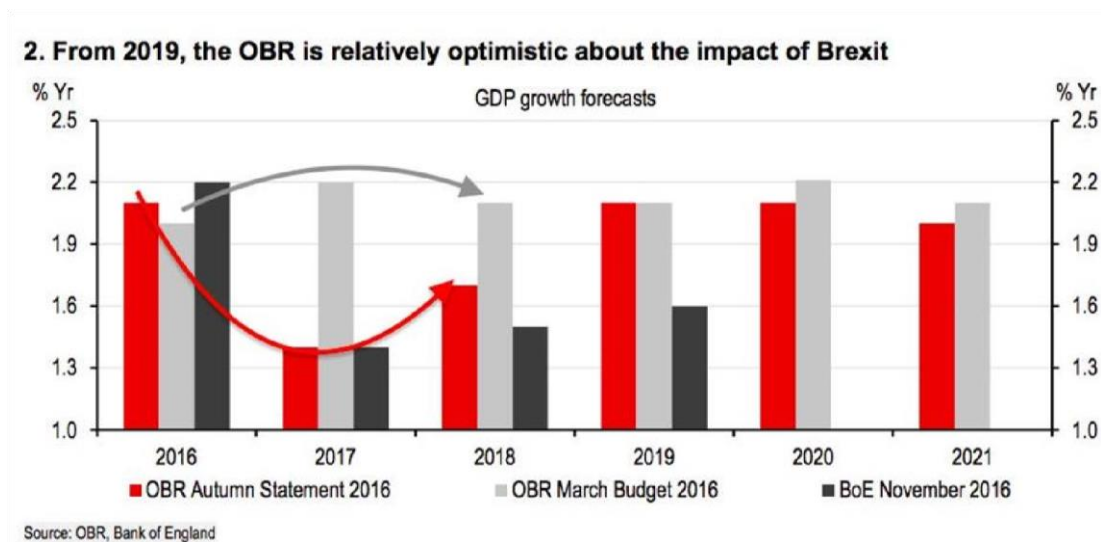
In the flexible withdrawal of the UK from the EU case, there is an inclusive collapse in revenue of 1.28% (a reduction of 1.37% from the transaction, besides a less net financial shift of 0,09%) that is influenced by present and future transformation in non-tax checks. Additionally, nontariff restrictions handle a notably essential function in reducing trade in sectors, a zone at which point the UK is an important international trader (Van Reenen 373).

Directly after Brexit, the UK would not any more be restricted by the EU's general exterior tariff on goods. Because some promarket followers of the depart campaign have stated that the UK could profit by independently eliminating all charges on goods into the UK to reduce the budget of brought in supplies. And there appears little tiny political inclination for breaking all trade barrier anti-China and other advancing economics, yet the experts scrutinise the reforming independent deregulation contract for fullness (Van Reenen 373).

Moreover, as is mentioned by those analysts that they renewed their scenario after encompassing the alternative conjecture that the UK draws out all charges on goods from wherever in the world. And they estimate that this would lower the expenses of Brexit by about 0.3% degree in the dual cases, yet the global net impact of Brexit rests dismissive. So,

among of the cause for this is that World Trade Organisation (WTO) tariffs are formerly fully inferior, which meant an additional declines do not sincerely a subject of reducing tariff ranks, but also needs strategies like constructing out organisational deviations in sectors that depend on foreign bargains and could not be achieved individually (Van Reenen 373).

Furthermore, the left appeal used the old reforming proverb “take back control.” In which it depicted a perception of Britain as once again a self-governing nation in complete supervision of its legislations, its borderline, and its money. Moreover, electors were informed that Brexit will not only be cost-free though will also being enormous advantages, as £ 350 million a further week for consuming on the National Health Service (NHS) when the UK had determined recompensing into the EU resources. So, this plan confirmed very common and motivated a lot of voters (Gamble 5).



**Fig. 5.** The Positive View about the Impact of Brexit among the OBR.

Source: <https://www.businessinsider.com/hsbc-research-brexit-permanent-damage-economy-2016-11>

The above figure shows how the OBR present their optimism regarding the implications of Brexit on the GDP growth forecasts by 2016 the BOE November is 22% high than both the OBR Autumn statement 2016 and the OBR March budget 2016 as an example.

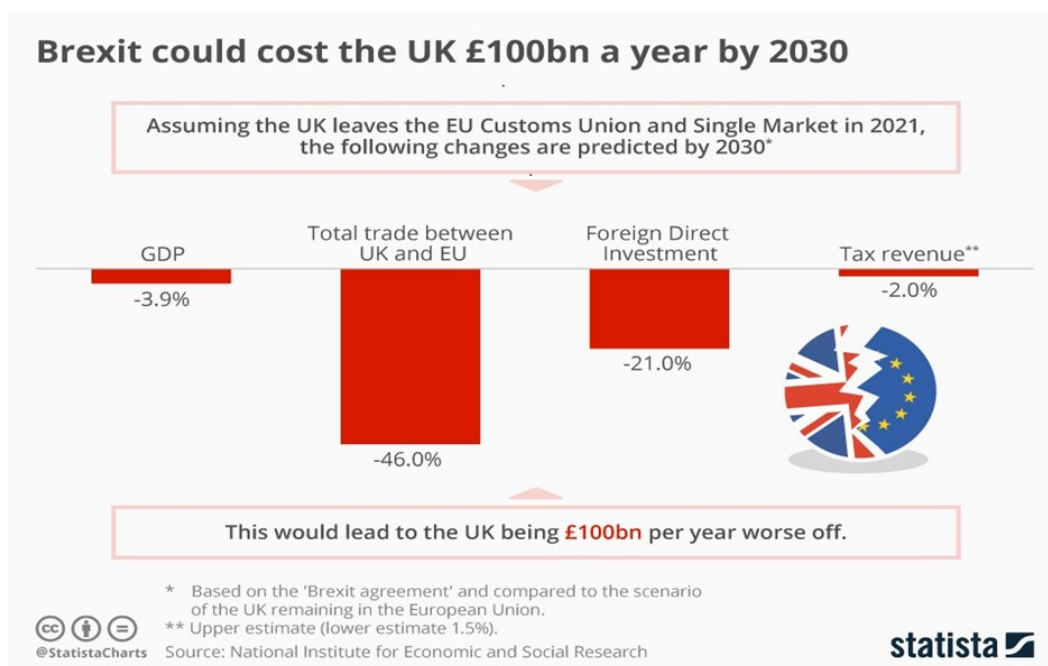
As stated by the UK government an election to exit might possibly create momentary and deep economic devastation causing weaknesses and doubtfulness that will be raised by the complicated and complementary discussions that are likely to proceed from (HM Government 5). Additionally, in the catastrophe case, a referendum to quit might possibly drive in a fallback, a growth in inflation, and an increase in unemployment. Also, studies predict that the economy will drop into recession with four quarters of damaging explosion (HM Government 8).

On the issue, Graham Watson who has tutored economics for over twenty years points out:

The Governor of the Bank of England has sounded a cautionary note suggesting that the economy is facing its “darkest hour” after the introduction of a new lockdown.

Economic problems are mounting up- as a growth slows, and a double- dip recession seems inevitable, there are very real fears about unemployment. However, contrary to what other members of the Monetary Policy Committee are saying, he’s talked down the immediate prospect of negative interest rates.

So, according to what has been mentioned above there is a clear vision about the threats that Brexit may impose on the UK economy, and this section, in particular, going to tackle or cover the most pessimistic views concerning that issue and how really could negatively impact the various economic sectors of UK.



**Fig. 5.** The Pessimistic View over the Impact of Brexit

Source: <https://www.statista.com/chart/16203/brexit-cost-to-uk-economy-by-2030/>

This chart almost explains everything and they assumed that if the UK leaves the EU Customs Union and Single Market in 2021, the following changes are predicted by 2030 like the GDP will be -3.9%, the total trade between the UK and EU would be -46.0%, the foreign direct investment will be -21.0%, and tax revenue -2.0%, so they said this would lead to the UK being E 100 bn per year worse off. So, it appears that UK trade is the one that will be affected the most followed by FDI then GDP growth than tax revenue.

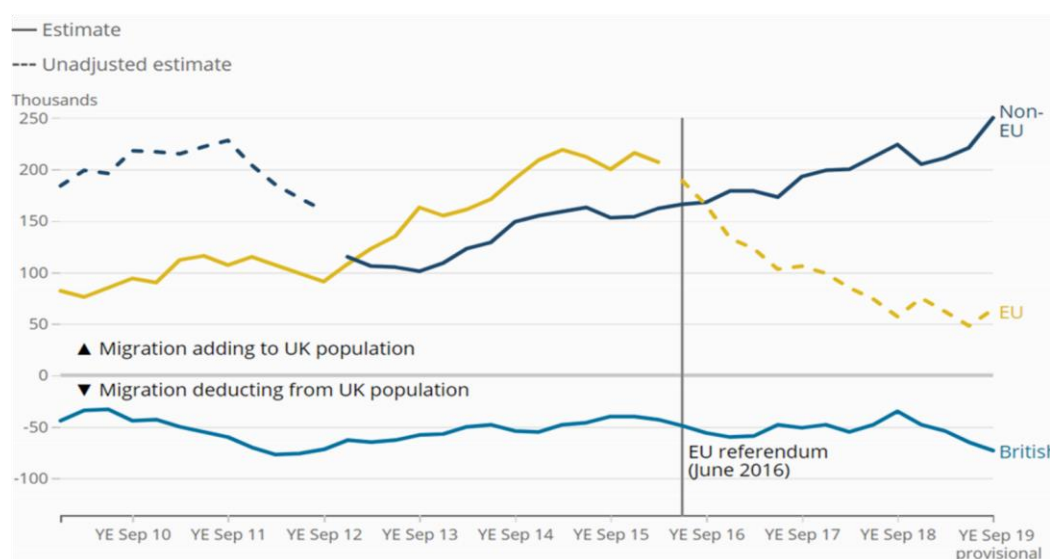
Immigration and the will to diminish it was a major determinant in the Brexit general vote. Between 1995 and 2015, the number of EU nationals living in the UK increased, predominantly following the agreement of Poland and other previously communist nations in 2004. So, liberty of shifting is the main principle of the EU and dealing of total admission to the marketplace (Van Reenen 376).

Wadsworth with many others maintains that EU migrants are in most cases more remarkable learned, more potential to job, and rarer potential to demand charitable rewards as opposed to British-born employee. As a result, they have efficiently promoted the public

funds of UK nationals. Additionally, a precise analysis of the domestic labour market implication of these great immigrant moves from 2004 reveals no major collapse in jobs or wages for British-born employee, for either the norm or less-experienced sections of the diffusion (qtd. in Van Reenen 376).

Furthermore, it is said that any damaging result of recent waves of immigrants seems limited to their immediate replacements ancienter movement of immigrants. The highest macroeconomic evaluations propose that immigration, like free trade and Foreign Direct Investment (FDI), has been a net advantage for the UK economy. Thus, minimising immigration following Brexit will do nothing to neutralise the bad trade and FDI impacts of Brexit (Van Reenen 376).

Departing the SM may as well let the UK bring up strategies to limit immigration from the EU. Moreover, the impacts of modifications in immigration plan are hard to predict, yet a practice of the decreased-pattern approach to immigration which done by Portes and Forte during 2017 deduces that lesser immigration from the EU may decrease the UK's Gross Domestic Product (GDP) per capita by between 0,9 and 3,4% by 2030 (Sampson 173).



**Fig. 7.** The Amount of UK Immigration during the Referendum and Brexit Periods.



Source : <https://ukandeu.ac.uk/long-read/immigration-between-the-referendum-and-brexit/>

This chart presents migration deducing from UK population of the British people during EU referendum of June 2016 is between 0 and -100 thousands and this meant its value from time to time was shifting and not stable from sep. 18 to sep. 19. Also, regarding the migration that adding to UK population their amount is limited between 50 to 250 thousands and those migration are from both EU and non EU states. Regarding those of EU migrants it starts from the estimate of 90 thousands then it advanced to 220 thousands from sep. 10 to 51 thousands from sep. 16 to sep. 19. Also, those of non-EU countries starts as unadjusted estimate prior to sep. 10 to sep. 12 (between 150 to 250 thousands) and from sep. 12 to sep 19 advanced from 100 thousands till reach 250 thousands.

Another important economic index is the foreign direct investment. Even so utmost research of the economics of Brexit concentrates on trade, another possibility is that the British economy will be troubled by declines in FDI and immigration at the close of exiting the EU. So, the Single Market has permitted foreign investors to employ the UK as an international trade base for supplying EU markets (Sampson 173).

Besides, FDI promotes immediately public income, supplying firms with extra resources to contribute to spreading their businesses. And it could as well aid boost productivity via proffering associations permission to recent concepts from overseas. Also, around two-fifths (42,6% by January 2018) of international funding in the UK arrive out of other EU states (Tetlow and Stojanovic 6).

Supposition and experimental proof indicates that the UK's fairness to international capitalism is nearby linked to trade that is the capability of international associations established in the UK to become a sector of universal store chains and to provide a bigger shopping centre beyond the UK's banks. So, withdrawing from the EU might, thus, influence the UK's impressiveness to international investors (Tetlow and Stojanovic 6).

There is an extended consciousness of the likeliness of shifts to FDI arising from Brexit. The UK's depart might provoke a movement of funds initially imposed on the UK into other EU 27 nations and states viewed more noticeable for being a segment of the EU free trade area. Because data on FDI following the Brexit referendum at the local zone is still limited and fragmentary, the examination of possible FDI movement transformation could be done solely by assuming an examination of predicted examples suggested by academic literature on the matter (Hrelja et al. 59).

Also, an experimental study on intra European FDI flows has been recently established by European Spatial Planning Observation Network (ESPON) which indicates that Brexit is expected to have a result on inter-European FDI. Plus, if more frictions appear in trade between the EU and the UK, Brexit may create rearrangements of FDI around the UK and other EU member nations. Another point is in the analysis of variant areas, it was set-up data that regional participants evaluate FDI transformation as both a chance and a danger (Hrelja et al. 59).

Hrelja among others claims that advantage obtains in such regions as, for example, Berlin, Cork, and Amsterdam, where the combativeness of the economic situation could intensify adaptation of firms earlier located in the UK promptly looking to have the newest shared bench placed between EU 27 boundaries. And oppression is highly expected in states as the Canary Islands, Andalusia, Baleares, and Valencia, once the UK pay in the factual residence might decrease as a consequence of probably low entry to healthcare and insurance due to the reform in the position of British people in the EU 27 (59).

Economic regulation is another index. If the UK were to agree on large trade costs via ceasing high degrees of accession to EU stores (the pessimistic alternative), there might be further range for regulatory minimizing. In addition, Booth and others 2015 establish 56 regulations that originated from EU regulation where the UK authority's Impact Assessment

discovers that the damages override advantages. As well, Crafts by 2016 assesses the loss of these administrations is 0,9% of the UK's GDP (Dhingra et al. 9).

Dhingra continues by saying that even though a lot of these legislations enforce instructions that the UK regime is engaged in adopting in or out of the EU. As an illustration, half of the full damages derive from just two strategies are the Renewable Energy Strategy (RES), and the Working Time Directives (WTD). So, rejecting these legislations might indicate canceling the UK's renewable energy engagements and extracting freedoms as the ownership to 20 days waged constant leave (Dhingra et al. 9).

Van Reenen said, "Post-Brexit the United Kingdom could weaken its social, employment, and environmental regulations to some degree." This has meant to indicate that Van Reenen also has this skeptical view that Brexit might impose such threats on the UK regulation as well. He said also even if the regulatory losses of EU affiliation were as large as 0.9% of GDP, this is still low than half as much as the predictions of the net damage of a hard Brexit (376-377).

Van Reenen added that even in the simply inflexible option, are much lesser than the 6 to 9 percent damages following the unstable scenario. He continues to mention that in the UK, there are several losses of legislation, as the determined strategy, yet these drawbacks are initially domestic (377).

In regard to trade, the data confirms that Brexit will effectively bring on a profound reduction of properties and services trade among the UK and EU 27 states. And both cost results (with huger fences to trade) and income outcomes (because of the dropping GDP) are significant mediums. So, in the WTO option, UK trades to Germany drop by 50%; the counterfactual tests explain a consistent trademark in sales abroad in the Global Britain (GB) scenario. Even with an extensive and detailed FTA among the UK and the EU 27, UK sales overseas to Germany drop by 24% (Felbermayr et al. 11).

In the negative case, there is a suppose that the UK is not effective in debating the newest trade deal with the EU and, hence, that trade among the UK and the EU afterward Brexit is ruled by WTO. And this involves vast growth in trade damages than the positive case since most favored nation (MFN) barriers are instructed on UK-EU commerce and since the WTO has produced less advance on lowering non-tariff bounds than the EU (Dhingra et al. 4).

Additionally, growths in trade damages among the UK and the EU after Brexit could be split into three parts: a higher tariff on importation; higher non-tariff boundaries (NTBs) to business; and the UK may not engage in future stages that the EU addresses regarding wider integration and the decrease of non-tariff edge within the EU (Dhingra et al. 04).

Finally, trade tariffs might be decreased either by withdrawing restrictions or extracting non-tariff boundaries to trade. Historic proof on trade in goods and offices absolutely reinforces the view that barriers to trade lower business between nations and consequently decline economic production. Moreover, all the estimations formed for the implication of Brexit on the UK financial system deduce this connection remains (Tetlow and Stojanovic 6).

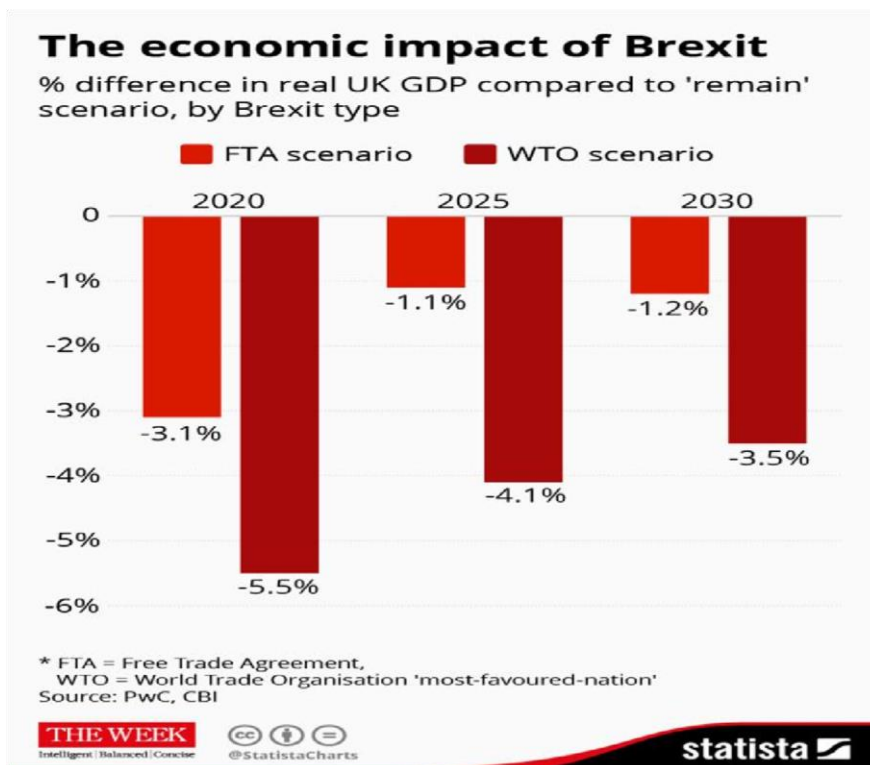
In fact, the essential core manner in which economists believe Brexit will impact UK economic advancement is via its potential outcome on restrictions to trade. Yet research varies in which they suppose about truly what will come to non-tariff barriers among the UK, the EU, and non-EU nations and accurately how these would influence development (Tetlow and Stojanovic 6).

The potential of the full GDP in 2012 might be approximately 3% and 5,5% reduced beyond the FTA and WTO alternatives accordingly rather than if UK stays in the EU. Additionally, by 2030 these post-withdraw questions must be fixed, yet there is an estimation that the net longer-lasting effect of other transformation to EU exit might emerge in full UK

GDP in 2030 becoming between 1,2% and 3,5% lesser in both leave options than in the case of residue in the EU ( around £ 25- 65 billion, at 2015 values (Ambler et al. 3).

Similarly, Tetlow and Stojanovic said that National Institute for Economic and Social Research( NIESR) published that commerce along with the EU on WTO scenarios than staying a candidate would lower UK GDP by 2,7% in case there is no knock-on effect on product development. So, this consistent consequence is high than increased when they permit for an impact on prosperity. And this identifies how essential it is for the administration to plan honestly, once it declares its terminal investigations, whether and how it has suspected Brexit will influence productivity (9-10).

Furthermore, the model tasks assess the long-standing impact and could be explained as a variation of the advanced way of GDP freed from Brexit colleague to the enhancement approach of GDP with Brexit. Also, one must realize that both approaches are similar: one in which there are no implications on enlargement values in the stable model, just the level of GDP declines because of Brexit. And the adaptation is conducted out repeatedly upon a stage of many ages. So, how much modification holds relies on rules stated in a Brexit deal (Felbermayr 16).



**Fig. 8.** The Impact of Brexit on Real UK GDP.

Source: <https://www.statista.com/chart/4533/the-economic-impact-of-brexit/>

The chart presents a comparison of different GDP states according to two scenarios that are the FTA and WTO via an estimation in long-run effects starting from 2020 to 2030. So, there are three stages 2020, 2025, and 2030 and in most cases, it appears that the real UK GDP under FTA scenario will have lower costs than being under WTO as an example; in 2020 the GDP under FTA scenario is -3,1% lower than WTO GDP -5,5%, by 2025 FTA GDP is -1,1% than WTO GDP -4,1%, then finally by 2030 FTA GDP is -1,2% than WTO GDP in which the later is -3,5%.

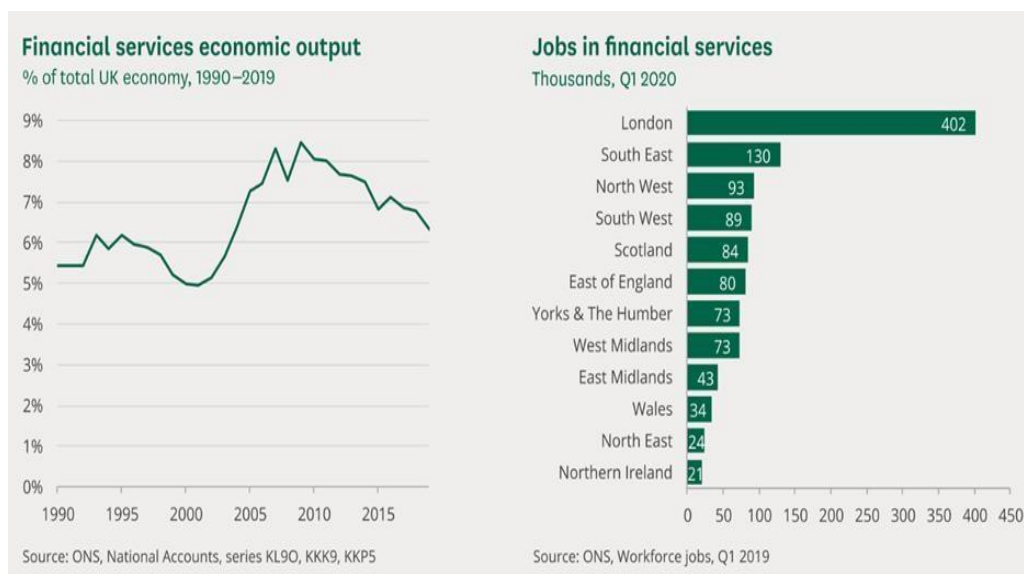
The British financial domain, rating for virtually one-fifth of all universal banking sector, is amongst those which have highest to fall with the UK withdrawing the Single Market. Besides that it was stated by the BE during 2014 concerning the factual economy, 44% of the UK exportations and 53% of importations were to and from the EU (Kurecic and Kokotovic 8).

Additionally, the UK is the world's significant supplier of financial services. And it has the greatest portion in international trading (37%), foreign insurance top revenue (29%), and cross-border bank funding (16%), and it is as well as an international head in supplying governing offices (Chang 14). Plus, one attention would be the reputation of UK enterprises whose surviving firm occupations in other EU MS were governed by EU rule and of firms located in other EU MS with activities in the UK (HM Government 18).

Moreover, within the EU, praise to "passporting," UK monetary firms containing banks, guarantors, and asset committee almost have the permission to sell financial services and install branches wherever in the EU except other states being able to set different or extra supplies (HM Government 18). And there is a report study about the outcome of an EU departing on the financial office's zone that exhibits if the UK were to exit the EU then the UK government will require to resolve the controlling system from EU regulation for the financial domain (HM Government 18).

Nevertheless of the exit discussions' aftermath, might perhaps be a huge and hard problem. Also, for most kinds of financial offices, EU legislation amounts to the considerable generality of the UK's administrative system, in case straightly suitable or EU regulations transmitted into UK legislation. Furthermore, EU Directives and legislation govern the regulation- the dual practical and control of the commerce of all important domains, containing a range of banking, insurance, investments, provision of market infrastructure, payment, settlement framework, and a multitude of other programs (HM Government 18).

As well, HM Government maintains that another consideration for the UK regime will be how to neglect regulatory breaks in the UK's domestic regulation system when the EU agreement is determined to employ. So, in the end, it could be mentioned that this might contain worries over how quitting the EU constitution might or should be followed into national legislation (18).



**Fig. 9.** The Financial Services in Total UK Economy along with a Comparison of Jobs in Distinct Worlds’ Financial Offices.

Source: <http://researchbriefings.files.parliament.uk/documents/SN06193/assets/65110ceb-6475-442f-a5b6-3ec904be6849.png>

The financial services economic output of total UK economy from 1990 to 2019 demonstrates that the amount throughout those years was limited between 5% and 8,5% percent but starting from 2015 and move on the financial services economic output starts diminishing. Concerning jobs in financial services during 2020 it reached its topmost in London comparing to other states of UK and its value was 402 thousand.

Employment is another important issue. The decrease in economic production and activity connected with the possible UK departure from the EU appears in a bad outcome on command and funding, which contributes to a decrease in employment. So, in the short-term, the fundings estimate that employment degrees drop by around 1.7% and 2.9% in both options relevant to the inaccurate by 2020, yet this aftermath steadily decreases in the longstanding (Ambler et al. 09).

Additionally, the UK requires some level performed as an employment scare absorber for the eurozone and has attracted employers from wide EEC nations. So, in a case that no



more offers wide freedom to invest in its geography for EU nationals, those employees would be looking on to the remains of the union alternatively (Riley and Ghiles 4).

All in all, a crucial amount of these consequences are considered for by the decrease in labor income because of the decrease in migration arrivals, though others state the results of raised trade bounds on the economic field more basically. Also, there are model predictions that estimate that full employment by 2030 might be around 350,000 and 600,000 lesser relevant to the inaccurate case in the FTA and WTO leave alternatives successively (Ambler et al. 9).



**Fig. 10.** The Brexit effects on the UK employment

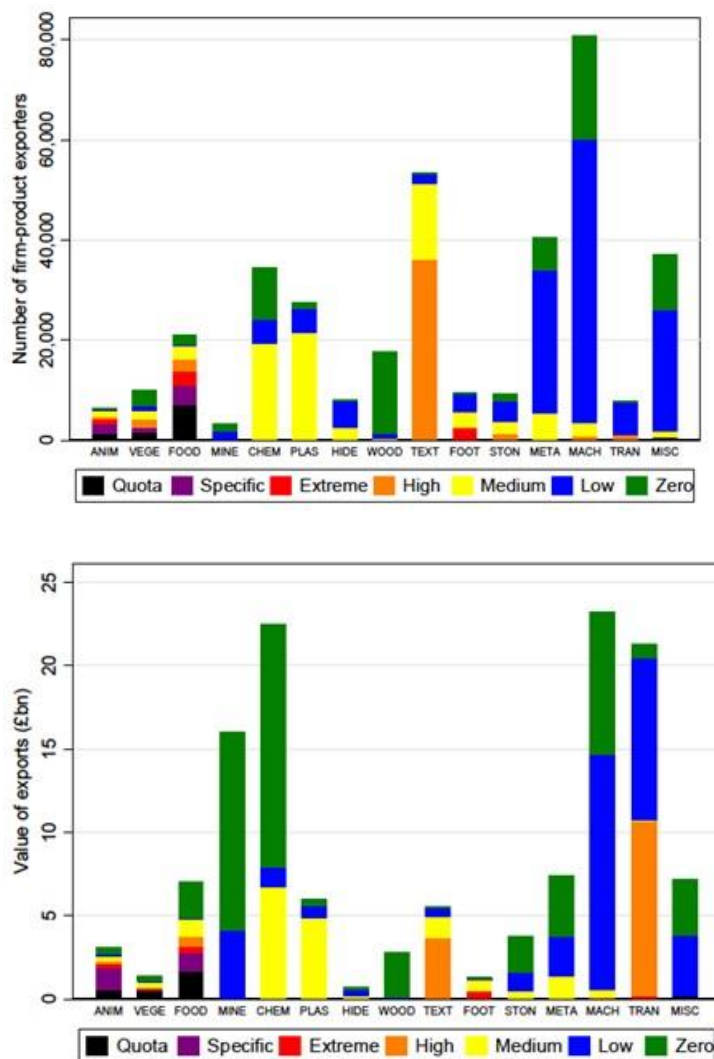
Source: <https://marketbusinessnews.com/post-brexit-pessimism-affects-nearly-half-uk-employees/141118/>

The above figure that presents different interpretations and feelings of UK employees explores the economic effect of Brexit on the sector of employment specifically. In which 21% of employees said they need to learn more skills and only 3% they feel more secure about their jobs. Also, 22% of employees feel less secure about their jobs, and approximately 44% they feel pessimistic about the future. So, this demonstrates the threats of Brexit on the employment sector in the upcoming days.

British Exports to the EU also are to be impacted. Ambiguity over the ahead of the world trading logistics is at its top from the establishment of the General Agreement on Tariffs and Trade (GATT) by 1947. Moreover, suspicious over the upcoming times of UKEU trading partnership blocked on 15 January where UK council vigorously abandoned the discussed agreement of the UK's departing from the EU. As a result, the time after the Brexit Referendum (BR) in June 2016 kept down the UK's foreign trading affairs activity, along with a few UK laborers deciding to not access the EU market while other favored leave (Crowley et al.).

As Brexit brought on skepticism in utmost several zone or occupations in the UK, it also brings doubts on UK's sales overseas to the EU. Moreover, the suspicions making panics in the brains of workers and outfits, hence the funds have been postponed and these are considerable outcomes for UK's economy. So, the delinquency status of the UK is that it is leading on the way to a no-deal Brexit as the recession arrangement around UK and EU might not be applauded by the British parliament (Mustafa et al. "Political and Economic Impacts of Brexit on UK" 6).

Moreover, this has meant to say that the no protocol Brexit would be harmful to UK's economy as they might dismiss restriction gratis entrance to their closest and greatest market. In addition, the UK exportations may encounter WTO regulations and restrictions for trade with the EU that would be huger as compared to no Brexit option (Mustafa et al. "Political and Economic Impacts of Brexit on UK" 6).



**Fig. 11.** The Impact of Brexit Uncertainty on UK's Exports.

Source: <https://www.oxfordeconomics.com/brexit>

Concerning that figure in the first one there are a series of firm product as anim, vege, food, mine, chem, plas, hide, wood, text, foot, ston, meta, mach, tran, mix. The top product that its amount reached and nearly passes 80,000 £bn firm product exporters is mach and is composed of little high and few medium and high percentage of low and from 60,000 to 80,000 £bn is zero. In the second one regarding the value of exports the ones which are nearly equals are chem and march. Chem starts from 0 to 7 £bn medium then from 7 to 8 £bn low then from 8 to 22£bn zero, and mach starts from 0 to 0,2 £bn medium then from 0,2 to 14 £bn low then from 14 to 23 £bn zero.

### 3.3 The Future of the Relationship between the EU and the UK

It is argued that there is slow perceptiveness about what new partnership must be called with the exiting UK. Although, a possible discussing status may be discovered that centers around the EU's unity and political economy. This meant that the likelihood of a UK public vote has posed issues that it might release divergent powers, which via some mask impact start separating the EU. So, in nations like Denmark and Austria, Britain may act as a strong character position in public controversies about an alternative option for partnership with the EU (qtd. in Olivier 4).

Besides, in contrast to this among many authorities like Greece, the Baltic States, or Spain, the opinion among governments is that the response to the recent challenges confronting the EU numerous of which could at least recently emerge from straight point to EU Single Market than a Brexit. Furthermore, for German compromise composers a Brexit and mitigated larger EU might perhaps be the loss to be rewarded for protecting the Eurozone through larger incorporation (qtd. in Olivier 4).

So, the worries about awarding and sustaining European cooperation might the circumstances opposing which the EU assumed to ratify the newest connection with the exiting UK. Also, stopping Britain from cutting the EU is also submitted in discussions in many regions, with several arguing to the concept of Britain being enabled few eligible relations with the EU that permits it to bypass the social and political damages (qtd. in Olivier 4).

In the end, for France, any honest agreement would be highly wished with the direct renegotiation and it is appointed that ought, to be honest for Britain yet most significantly for France, and more widely the EU. In addition, even for a region as Ireland that faces the likelihood of important economic damages from a Brexit, its political engagement to the EU arrives first. Also, as the Irish administration has stated clear that Ireland is a unified and

engaged member of the EU community, and would stay so. In addition, on such an essential subject of national curiosity, they will not be arrested in the path of choices that other ones do (qtd. in Olivier 4)

## **Conclusion**

Considering the former examination, it become clear that Brexit had influenced the domestic politics of the UK as well as the foreign relations. A choice of the world's earliest assembly can not achieve a way to pull out of it. The British political coalitions have been seen to be separated farthest. The recession deal has not been approved and increasing skepticism alone has the effectiveness to discomfort, not just the political officials even in further aspects so.

The Irish subject that was appropriately established among UK and Ireland has been reviewed and Northern Ireland is the motive. So, the Irish safeguard that was part of the recession deal come to be debatable and the major cause of leaving protocol be not authorized by the parliament as well. As a result, the threat of no-deal Brexit is more expediently which one is more deteriorating.

Brexit is also having its consequences on the global connection of the UK since when it was in the union it was regarded as a consequential partner in the union. While staying in the union UK was favoring a very intimate connection with the seven European nations. Also, UK was accessing its senators in European organizations as; European Commission (EC), European Council (EC), and European Parliament (EP), in addition, UK was having an effectual position in the decisiveness forming procedures of the EU.

In another regard, the generous greater part of economic predictions purposes that Brexit will damage UK economic expansion. An enormous amount of economic research has now been established that endeavors to measure the expected broader effect of Brexit on UK economic production. Additionally, economists have tried to determine this variation on the

grounds of the wide frame of economic data that studies the connection amongst the powerfulness of trade, investment, and migratory connexions between nations and their economic expansion.

This vision coupled with the projection that Brexit is probably, all over, to increase constraints to trade around the UK and other nations which inform the greatest economizers to think that Brexit would restrict UK economic enhancement. As well as, the massive generality of the Brexit effect analysis recommend the UK economy will extend more steadily following Brexit than it may do as a candidate of the EU, along with the abovementioned hypotheses starting from a minor loss to an 18% decrease in production in 2030 in comparison to a world in which the UK rested candidate of the EU.

The estimations are furthermore negative and suspicious for options in which important obstacles to trade amelioration among the UK and the EU, for instance, in a case the UK and the EU were to exchange with each other on WTO. Plus, the only analysis presented by Economists for free trade has forecast that Brexit will give a crucial advance to the UK economy. So, they predict that UK regional profits will be at least 4% ( and maybe as almost as 7%) higher if the UK quits the EU and autonomously embraces full trade than if the UK were to stay a representative of the EU.

However, it is claimed that their expectation is at prospects along with those of other research, that advocate that exiting the EU and employing a strategy of independent reciprocal trade possibly will lower enlargement or at best provide a much slighter profit. Moreover, as demonstrated by the presented report that review and elucidate the estimations that have been originated by twelve segregated institutions altogether with the dual formal types of projections for the long-standing economic consequence of Brexit.

The upcoming results of Brexit would rely on what trading cooperation the UK has in what lies ahead along with the EU. Because there has rested an extreme ambivalence around

precisely what this would be, upmost of the remaining exploration had accounted the likely aftermath under several distinct situations, such as the UK staying a member of the European Economic Area (EEA), signaling a Free Trade Agreement (FTA) with the EU, or trafficking with the bloc on WTO options.

## General Conclusion

From the above, it is clear that the decision to withdraw from the European Union has especially left its mark on the Immigration and the labor market in Britain; it was found that immigrants from the EU countries to Britain offer their expertise when there is a shortage of skills and they help sustain economic growth by replacing retired British workers. Britain withdrawal from the Single Market will hinder free movement of labor between the UK and the EU, not to mention an increase in the cost of travel due to the depreciation of the Sterling and the purchasing power on one hand, and the restrictions imposed on airline companies on the other hand.

Brexit will also have its impact on the numbers of European students enrolled in British universities. Due to that, the loss incurred is estimated to exceed one billion pounds sterling annually, which will go to universities in other European countries, Canada, and the United States. In addition, the UK will lose access to funding from the European Union destined to research programs in UK universities which is estimated at about 730 million euros per year.

The British labor market will be affected as well as the deportation of large numbers of European workers and their return to their European countries will oblige the local labor market to compensate these workers. However, the success of this hypothesis depends on the ability to the UK government to quickly adjust and provide the needed number of trained and skilled workers which might be a difficult task.

One of the findings is that the labor market in Britain has slowed as a result of referendum results. In the second semester of 2016, the growth employment rate decreased by 0.2%, less than the previous four years. This was dealt with severely as hiring stopped and the total working hours increase. But later, there were indications that the companies have



finally succeeded in raising the productivity of the labor force they already employ. If growth continues to rise, the labor market will need to start hiring again.

After Brexit, the United Kingdom aims to establish new relationships with the European Union based on Europe's security and the EU foreign policy and other issues of common interest, and in order to help bridge the gap in diplomatic representation caused by the United Kingdom's exit from the European Union, the UK will need to invest more in diplomatic representation in bilateral relations across European capitals.

The military and intelligence power of the UK and its contribution to security in Europe and the world will remind the EU member states of the necessity to keep good relationships with London. However, it will be difficult for the UK to maintain its influence in areas such as the Balkans and the Mediterranean for instance, especially that some other members of the EU will likely seek to benefit from Brexit to increase their influence inside and outside the EU.

The UK's influence on European security will remain significant as the European power the most capable and well-prepared in NATO, but nonetheless it will still be more difficult for the United Kingdom to translate this commitment into political influence; The UK will have to work hard to ensure its place and will have to sustain its traditional role as a "bridge" between the United States and the EU but to find itself at the fringe of security decision in Europe. Indeed, there's an ongoing debate regarding the possible transfer of the position of Deputy Supreme Commander of the Alliance in NATO (DSACEUR), which has been traditionally occupied by the United Kingdom since 1951, to another NATO member.

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