



The Fallout from Brexit

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As someone who supported Brexit, it behooves me to use my column this week to address some of the issues that have arisen since the outcome of the referendum on British membership in the European Union was announced on June 24. Below, I will discuss the supposed lack of planning by the supporters of Brexit, xenophobia and racism among the British voters, apportionment of “blame” for the outcome of the referendum, the supposed boon to the ambitions of the Russian dictator Vladimir Putin, and the future of globalization.

1. Lack of planning

First, the advocates of Brexit have been accused of a lack of planning. Nick Cohen from The Guardian, for example, has argued that the “Brexit figureheads had no plan besides exploiting populist fears and dismissing experts who rubbished their thinking.” True enough, there was no definite “plan.” How could there be one, when the exact nature of the future relationship between the UK and the EU depends as much on the British as on their European counterparts? What’s the point of having a plan, only to have it rejected by the EU? There can be no plan, until the British know how far the Europeans are prepared to go to accommodate British needs and vice versa.

In the meantime, what the British have are different “options.” Consider the question of trade with Europe. The British options range from unilateral trade liberalization, as advocated by Professor Patrick Minford, a global trade mechanism, as defined by the World Trade Organization, bi-lateral trade relations, as pursued by Switzerland, and participation in the single market, as adopted by Norway.

All of the options come with costs and benefits. The first option could be done immediately and makes the most economic sense, but is politically unpalatable, because it would not require any type of European reciprocity on trade liberalization. The second would follow once the UK became an independent member of the WTO, but accession talks would take some time and, to make matters worse, global tariffs remain much higher than those in the single market. The third option would ensure that the UK gets exactly what it wants, but conclusion of bi-lateral treaties with the EU and other global partners would take a very long time. The fourth option would

cause the least disruption to the UK's economy, but would involve signing on to the free movement of people, which the British electorate, apparently, wishes to restrain.

2. Immigration

Second, the response of the progressive commentariat to the outcome of the referendum was, to put it mildly, shocking. The votes of some 17.5 million people were roundly dismissed as those of nationalists, xenophobes and even racists. Never mind that, according to a Lord Ashcroft survey, 49 percent of people who voted to leave the EU did so because they believed "that decisions about the UK should be taken in the UK" Only 33 percent of Brexit supporters were most concerned with control over Britain's borders and a further 13 percent worried about future expansion of EU membership (to include Turkey, for example). According to Ashcroft, the EU's democratic deficit and British desire for self-determination were much more important to the Brexit voters than the issue of immigration.

To the extent that immigration has played a part in the outcome of the referendum, let's keep a few things in mind. First, most of the leaders of the Brexit campaign have repeatedly reaffirmed their commitment to continued immigration and recognized the benefits of immigration. As Boris Johnson put it,

"I am the proud descendent of Turkish immigrants... I am not only pro-immigration, I'm pro-immigrants... I am in favor of an amnesty for illegal immigrants who have been here for more than 12 years, unable to contribute to this economy, unable to pay taxes, unable to take proper part in society... And I will tell you why: because it is the humane thing to do. It is the economically rational thing to do... And if we take back control of our immigration system with an Australian-style points-based system, you will be dealing fairly and justly with every part of the world, and you will be neutralizing people in this country and across Europe who wish to play politics with immigration and who are opposed to immigrants. And that is the way forward, to neutralize the extremists by taking back control of our immigration system."

Second, to my knowledge, no senior member of the Brexit campaign has ever promised zero immigration to Britain or suggested that people who currently live in Britain should be expelled. Not one! It is axiomatic that the service-based British economy will have to go on attracting foreign talent from Europe and beyond.

Third, I am intrigued by Boris Johnson's argument that border control, defined as the ability of the nation state to regulate the number of immigrants, might take the wind out of the sails of extremism. (I am much less convinced that the British government needs to regulate the skill sets of applicants, but that is an argument for another day.) If, as a result of implementing a working and popular immigration system, the Conservatives recapture the political ground they lost to the United Kingdom Independence Party, then the British experiment will have relevance for the rest of Europe, where extremist parties are in ascendency.

3. Blame game

Third, consider the blame game. David Cameron was savaged by the progressive media for being “irresponsible,” which is to say for having the temerity to consult the British people in a referendum on EU membership. The apoplectic reaction of the progressive elite to the outcome of the referendum laid bare not just the anti-democratic tendencies in modern progressivism, but also the contempt that the Western political and media elites have for ordinary people. That is profoundly troubling.

Moreover, I am yet to hear one convincing argument with regard to the following question – what are we to do about countries where the EU has lost or is rapidly losing majority support? Are those countries to remain in the EU against the people’s will? And how could that have a happy ending?

No, the real “blame” for Brexit rests with the out-of-touch European elite, as exemplified by the EU Commission President Jean Claude Juncker, EU Council President Donald Tusk and the Franco-German duumvirate of President Francois Hollande and Chancellor Angela Merkel, who refused David Cameron’s entreaties and rejected his reform proposals. Had Cameron won serious concessions during his failed negotiations in Brussels earlier this year, Brexit would not have won. Thankfully, some European politicians, such as the Czech Foreign Lubomir Zaoralek have realized where the real “blame” for Brexit lies and have called on Jean Claude Juncker to resign.

4. Trade, globalization and free movement of people

Fourth, Brexit does not mean the end of “globalization.” The British people may not want open borders with the rest of the EU, but they did not vote against free trade in goods and services. That is not unprecedented. Australia, New Zealand and Singapore are very successful participants in the global economy. Their trade with the rest of the world is by-and-large free. The same, however, cannot be said about their point-based immigration systems, which regulate the numbers and skills of would-be immigrants. Britain’s current immigration system, in contrast, gives the right of residence in Great Britain to all 508 million citizens of the European Union.

The likelihood that Britain will opt to remain in the single market has caused much hilarity among the opponents of Brexit. Gleeefully, they pointed out that if Britain remains in the single market, it will have to accept free movement of people, thereby defeating the whole purpose of the British withdrawal from the EU.

Not so fast. Liechtenstein, which is a part of the single market, but is not a member of the EU, has set a precedent that combines free trade and controlled immigration. As Jonathan Lindsell, a research fellow at Civitas, a London think-tank, points out, Article 28 of the Agreement on the European Economic Area stipulates that “free movement of workers is subject to limitations justified on grounds of public policy, public security and public health.” Furthermore, “The free movement of labor chapter [of the EEA agreement] specifies only ‘workers,’ the ‘self-employed’ and ‘their dependents,’ meaning [that] there may be scope for a government to justify limiting jobless EEA migrants further.”

Obviously, time will tell if the British will be able to combine membership in the single market with an immigration system that satisfies the minimum demands of the majority of the electorate, but a working compromise should be achievable – as indeed the French Finance Minister, Michel Sapin, confirmed last Thursday.

5. Russia

Some commentators have speculated that Brexit would embolden the Russian dictator Vladimir Putin and weaken anti-Russian resolve in the West. I see little reason to worry. Russian expansionism is kept in check by the North Atlantic Treaty Organization (NATO) and by Western economic sanctions. Brexit will change nothing about NATO's strength and determination, such as they are, to counter Russia. Britain, like Turkey, will remain a part of NATO, even while being outside the EU. With regard to sanctions, the critics of Brexit strike me as incoherent. So long as Britain continues to impose sanctions on Russia along with the EU and other Western countries, the cumulative effect of sanctions will remain the same. Italy and Hungary, which seem to be the two countries most opposed to the continuation of sanctions against Russia, are still very much in the minority within the EU. As ever, the future of EU sanctions will depend on what Germany and France decide. The British diplomatic pressure on Italy and Hungary to toe the anti-Russian line can be applied bilaterally – just as America is currently doing.

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