

THE DAILY CALLER

How Brexit Would Impact The US: What The Experts Say

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February 28, 2016

The British people will decide for the first time in 40 years on Jun. 23 whether they will leave the European Union (EU), and the consequences of their decision have an impact far beyond Britain's shores.

Both Washington, D.C., and the capitals of Europe will be watching closely to see if Britain decides to shake up European politics and change the entire dynamic of the EU project.

But what a Brexit mean for the U.S. in terms of the economy and national security? We asked three experts with extensive knowledge of both Britain and the EU to give us their verdict.

Theodore R. Bromund, senior research fellow in Anglo-American Relations at the Margaret Thatcher Center for Freedom

Bromund argues there is little reason to fear Brexit and there could, in fact, be a wide array of benefits to both the U.S. and the United Kingdom (U.K.) after a U.K. withdrawal from the EU.

“The upside, economically, is that the UK. would have the ability to sign genuine free trade agreements with whichever nation or nations that it could negotiate satisfactory agreements. We certainly believe that there are tremendous advantages in a U.S.-U.K. free trade area, but of course, the U.K. would want to negotiate with lots of other places apart from the United Kingdom, or apart from the United States,” says Bromund.

“More broadly, there's the question of the financial sector. There's obviously significant fear that the euro-zone countries are going to impose regulations that would functionally seek to clamp down on the City of London and transfer some of its business to the continent.”

According to Bromund, the U.K.'s financial sector could be just as successful after Brexit as it is now. “The U.K. has a much wider financial role than just trading with the United States, as important as that is, and the city of London could continue its worldwide financial role, unrestrained by Euro related concerns. So that's the economic side.”

Bromund is also highly skeptical of claims that European and U.S. security would be diminished by Brexit, arguing the EU has never really played a major role in maintaining security.

“It is simply a myth to argue the primary US allies Europe have ever been the European Union. We have always dealt primarily through NATO, but also very importantly directly with national

capitals. Throughout the cold war, and after the cold war, NATO was the security institution of choice, NATO is obviously not a European Union institution.”

Marian L. Tupy, senior policy analyst at the Center for Global Liberty and Prosperity at the Cato Institute

Tupy believes Brexit would have an incredibly modest effect on the U.S. economy. “I think it would be highly limited, I mean the United States is obviously a global, has global trade relations, not just with the European Union. The United States would presumably, very shortly, after Brexit, conclude every trade agreement with Great Britain and will continue to have ordinary relations with the European Union as before,” said Tupy.

“An argument could be made to Europe that Britain would be less economically liberal, and more protectionist, on the other hand, my counter argument to that would be that Great Britain has significantly failed in moving Europe toward more free markets. I don’t think that British involvement in Europe will have any consequences for America’s economy growth, not at all.”

Asked why the Department of State and President Barack Obama had taken such a firm line on wanting to keep the U.K. in the EU, Tupy said the foreign policy establishment is under a delusion about what impact Brexit would have on U.S. interests.

“I think that the American foreign policy establishment’s reaction to Brexit and any type of weakening of European integration has been dominated not by one, but by two delusions. The delusion is basically that the American foreign policy establishment continues to believe the claptrap from Brussels that the European Union is the guarantor of peace and prosperity in the European continent, that’s clearly not the case.”

Tupy agrees with Bromund on the question of security, adding “stability in the European continent is guaranteed by NATO. My view is that the American foreign policy establishment is deluded when it comes to evaluations of costs and benefits of membership of the EU.”

Dalibor Rohac, research fellow, Foreign Policy Studies, American Enterprise Institute

Rohac strikes a more cautious note than both Bromund and Tupy, warning we can’t be certain of economic success for the U.K. in the event of Brexit.

“There is a lot of uncertainty what the effects will be,” says Rohac. “There is a range of different studies that try to assess the impact of Brexit on U.K. government growth; some of them are very optimistic. Tim Congdon wrote a paper that argues that actually that membership costs the U.K. over 10 percent of GDP, therefore Brits could be 10 percent richer if they were to leave the EU.

“On the other end of the spectrum, you have papers by researchers at the London School of Economics that estimate the Brexit could cost anything between 2.5 and 10 percent of GDP. So between those two estimates, there is a large spectrum of what the effect would be, and clearly what the effect would be would depend on many factors that are presently unknown, and that are out of our control.”

Rohac's biggest concern, however, is the geopolitical consequences of Brexit and how the rest of the EU may slide into a weakened, less secure and more insular state. Rohac sees the U.K. as a "benign force for liberalization" in the EU. If the British people vote to leave, the EU could become more protectionist and less open to free trade.

Furthermore, there may be wider security concerns about a diminished EU. According to Rohac, Brexit would "feed into a narrative of Vladimir Putin that the west is weak and decadent," leaving Russia as a force of stability and order in the region.