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Option: Civilization

Brexit: An Economic Issue or a National Identity

A dissertation submitted to the department of English Language and Literature in partial fulfilment of the requirements for the degree of *Master Literature and Civilization*

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Academic Year 2023-2024

DECLARATION OF ORIGINALITY

I hereby declare that this submission is my work and that, it contains no material previously published or written by another person nor material that has been accepted for the qualification of any other degree or diploma of a university or other institution.

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DEDICATION

*I dedicate this humble work to my beloved parents
and my brother Ismail.*

*Thanks to my friends and anyone who helped me in
some way.*

ACKNOWLEDGEMENTS

My thanks go first and foremost to my supervisor Dr MOUSSAOUI ABDELKRIM who accompanied and oriented me in the preparation of this work.

I would also like to thank all the teachers in our department.

My thanks also to the chairman of the jury and to all the reviewing members in doing me the honour of having accepted to examine this dissertation.

ABSTRACT

Brexit is one of the defining moments in the political history of the United Kingdom. It has dominated news coverage and it become the issue of the day. When UK decided to withdraw from the European Union, it affected both economic and social sides. Economically, it impacted trade, business and markets. On the other hand, immigration was the most important point that was influenced by this decision, leading to changes in the rights of the UK's and EU's citizens in UK and in Europe. The United Kingdom's leave or departure from the European Union has impacted the economic and national identity concerns. This research aims to analyze and uncover how Brexit become an issue and has impacted the economic and the national identity unity. Many organizations published estimates and asked questions about the UK's future with the EU, highlighting the dynamics that have emerged since the UK's decision to exit the European Union .

Keywords: Brexit, Identity, Immigration, Unity

ملخص

يعد خروج بريطانيا من الاتحاد الأوروبي احد اللحظات الحاسمة في التاريخ السياسي للمملكة المتحدة. لقد هيمنت على التغطية الاخبارية واصبحت قضية اليوم. عندما قررت المملكة المتحدة الانسحاب من الاتحاد الأوروبي اثر ذلك على الجانبين الاقتصادي والاجتماعي. اقتصاديا اترت على التجارة والاعمال والاسواق. ومن ناحية اخرى كانت الهجرة اهم نقطة تاترت بهذا القرار مما ادى الى تغييرات في حقوق مواطني المملكة المتحدة والاتحاد الأوروبي في المملكة واروبا. لقد اثر خروج المملكة المتحدة من الاتحاد الأوروبي على المخاوف الاقتصادية والهوية الوطنية. يهدف هذا البحث الى تحليل وكشف كيف اصبح خروج بريطانيا من الاتحاد الأوروبي مشكلة كبيرة واطر على الاقتصاد ووحدة الهوية الوطنية. نشرت العديد من المنظمات تقديرات وطرحت اسئلة حول مستقبل المملكة المتحدة مع تسليط الضوء على الاتحاد الأوروبي و على الديناميكيات التي ظهرت منذ قرار المملكة المتحدة بالخروج من الاتحاد الأوروبي.

الكلمات المفتاحية: بريكست، الهوية، الهجرة، الوحدة

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GENERAL INTRODUCTION

GENERAL INTRODUCTON

Brexit has impacted the economic field and the national identity of the United Kingdom, especially in England. The reports shows that English citizens supported leaving the EU. This changing in national identity lead to the growing of inequalities, EU membership costs, trade, and immigration issues. The decline of the trust in elites and the media has augmented. Brexit has created the fragility of British identity and raised the possibility of Irish unification and Scottish separation. It has also created the divide between those with strong national identities (Eurosceptics) and those with strong European identities (Europhiles). Historically, it was a struggle for the European integration to replace national identities, and Brexit has widened this gap. It has weakened European integration while empowering Eurosceptics. The future of the UK in the post-Brexit era remains uncertain, with societal and political divisions continuing to pose challenges. Overall, Brexit has reshaped the UK's place in the world and its national identity.

It is crucial to understand the impact of Brexit on national identity and unity. It has significantly influenced both Eurosceptic and Europhile views of the EU, affecting European integration and the sense of belonging to Europe. Brexit has highlighted issues such as inequalities, immigration, individual mobility, living and working conditions, and EU membership costs. Identity is complex and varies between Europe and the UK; some can accept being both British and European, while others see the UK as distinct from Europe. Brexit has brought national identity to the forefront, particularly in England, where political discourse has shaped attitudes toward European integration. The relationship between Europe and the UK is at stake, with Brexit's long-term consequences impacting future unity and national identity.

IMPORTANCE OF THIS RESEARCH

- Understanding Brexit's impact on social divisions helps policy makers bridge gaps and foster unity.
- Analyzing tensions around Irish unification and Scottish independence ensures better political stability.
- Insights into Brexit's economic effects guide policies for mitigating negative impacts and promoting growth.

General Introduction

- Exploring shifts in national and European identities helps address cultural and psychological impacts.
- Understanding the future UK-EU relationship aids in negotiating positive international agreements.
- Identifying core issues and consequences of Brexit informs the creation of effective policies.
- Placing Brexit in historical context assesses its long-term impact on European unity and cooperation.

OBJECTIVES OF THIS RESEARCH

- Examine how Brexit has affected social cohesion and identity within the UK.
- Investigate the political ramifications of Brexit, including the potential for Irish unification and Scottish independence.
- Study the economic consequences of Brexit on trade, investment, and labor markets.
- Explore changes in national and European identities post-Brexit.
- Analyze the evolving relationship between the UK and the EU.
- Provide insights to inform the creation of policies that address Brexit's impacts.
- Contextualize Brexit within the history of European integration to understand its long-term implications.

DESCRIPTION OF THE CONTEXT AND METHODOLOGY

This research delves into the core question of Brexit: Is it primarily an economic matter or a reflection of national identity? Brexit, the UK's withdrawal from the EU, has sparked debates on whether its driving force is economic, focusing on trade and regulations, or a matter of national identity, emphasizing sovereignty and cultural uniqueness. Understanding this dichotomy is pivotal in grasping Brexit's full impact. The methodology includes a thorough qualitative analysis of data from various sources, including government reports, economic analyses, and academic studies, to uncover insights into both the economic and identity-related aspects of Brexit. Additionally, interviews with experts and surveys among the public aim to capture nuanced perspectives. Case studies will focus on specific economic and social impacts, while comparative analyses will draw parallels with other EU countries and historical events. This research seeks to provide a comprehensive understanding of Brexit, illuminating its dual nature as both an economic and a national identity issue.

OUTLINE OF THE STUDY

This study begins with a general introduction, followed by three main chapters. The first chapter deals with the historical background of Brexit, including its definition, history, origins, reasons, and its consequences on the European Union. The second chapter explores Brexit as an economic issue, examining its economic implications, its impact on trade and business, trade relations, economic indicators such as employment and inflation, as well as business perspectives and financial markets, including the effects on stock markets and currency values. The third chapter addresses Brexit as a national identity issue, focusing on its social and cultural impact, changes in immigration policies and their repercussions on citizens' rights, social cohesion, as well as education and research, particularly the impact on academic collaboration and funding. The study concludes with a general conclusion and a references section.

CHAPTER ONE
HISTORICAL BACKGROUND OF BREXIT

Chapter 01 : Historical background of Brexit

INTRODUCTION

On June 17, 2016, Europe was in shock: while everyone expected a “No” victory in the referendum set up by David Cameron, 51.9% of British people voted in favor of leaving of the European Union. This unexpected result took politicians and economists by surprise.

Indeed, economic relations between the United Kingdom and the other countries of the European Union were very important. According to The House of Commons Library, almost half of the UK's imports and exports

concerned European countries. The United Kingdom also received 48% of its Foreign Direct Investment from EU countries. Knowing these figures, it is now difficult to know what the consequences of this exit will be, both for the United Kingdom and for the EU.

Many questions arise about the future of the two parties, in particular about the continuation of the European Union without one of its main contributors, or about the British economy and its resistance to leaving the EU. Since the result of the vote, negotiations have started, but agreements are not always easy to reach.

Furthermore, despite intense negotiations, the British are still undecided regarding the terms of their withdrawal from the European Union.

It is therefore interesting to ask what are the reasons and what may be the impacts of Brexit on the United Kingdom and the EU. To answer these questions we will first have to look at the fact that the United Kingdom has always been a separate member of the European Union and also explain the result of the vote by highlighting the fractures in British society. .

Then, the various direct consequences of the United Kingdom's exit from the European Union will be explained. Finally, a final part will describe the different possible scenarios as well as the consequences of Brexit on the United Kingdom and the EU.¹

¹Bickel, F. (2021). Brexit and Trade Defence: Effects of a Changed Territory. *Journal of International Economic Law*, 24(1), 5-24.

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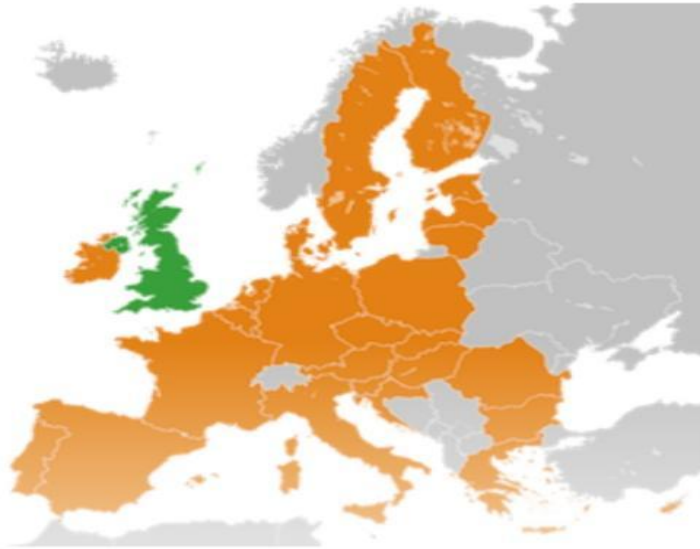
1.1 DEFINITION OF BREXIT

Brexit is an abbreviation of two English words: 'Britain' and 'exit' and refers to the withdrawal process of the United Kingdom (UK) from the European Union (EU).

The United Kingdom (UK) intends to withdraw from the European Union (EU) , a process commonly known as Brexit , as a result of a June 2016 referendum in which 52 % voted to leave the EU . The separation process is complex , causing political and economic changes for the UK and other countries . What is the European Union The European Union is a politico - economic union of 28 member states that are located primarily in Europe .²

² Bickel, F. (2021). Brexit and Trade Defence: Effects of a Changed Territory. *Journal of International Economic Law*, 24(1), 5-24.

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Pre-Brexit map of the European Union, with the United Kingdom highlighted in green.

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Brexit (a portmanteau of the words "British" and "exit") is one of the most-covered topics in the media in recent years. Brexit was when the people of the United Kingdom (UK) voted to officially leave the European Union (EU), a multinational political and economic bloc consisting of over half of the countries in Europe. The decision to leave was a deeply divided one, as the country was nearly split in half when it came to either staying or departing (with England and Wales voting to leave, while Scotland, Northern Ireland, and the majority of the city of London opted to remain). Even though the country voted to leave the bloc on June 23rd, 2016, the result was not finalized until January 31st, 2020. A year after the vote, the UK formally invoked Article 50 of the Treaty of the European Union, where they formally requested to leave the bloc and kickstarted the negotiation period of Brexit

1.2 THE HISTORY OF BREXIT

Are Europeans hard-wired for conflict? Given the enmities that wracked the Greek city-states, or the Valois, Bourbons and Habsburgs, it seems undeniable. The Holy Roman Empire promised peace, but collapsed before it could deliver it, while rival rulers counter-balanced its power by stressing their own sovereign independence. Yet, since Antiquity, there has also been a yearning for the rule of law, the Pax Romana.

For seven centuries, Europe's philosophers and diplomats have sought to build institutions of compromise between the unrestricted competition of nation-states and the universal monarchy of the old empires: a confederation whose representatives would meet to resolve differences. We have seen these ambitions at least partially realised in a progression of multilateral solutions: the Congress System, the League of Nations, the United Nations, and the European Union. But, with the United Kingdom's vote to leave the EU, state sovereignty seems to be pushing back against two centuries of travel in the other direction.³

The Brexit result shows that distrust of a 'greater Europe' and fierce insistence on state sovereignty remain live issues in today's politics. To explain recent events, Beatrice Heuser charts the history and culture underpinning this age-old tension between two systems of international affairs.

³Bickel, F. (2021). Brexit and Trade Defence: Effects of a Changed Territory. *Journal of International Economic Law*, 24(1), 5-24.

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The United Kingdom is geographically considered as being part of Europe, however its past and its present prove otherwise. On the cover of Michel Foucher's *Fragments d'Europe*, Europe is represented by the body of a woman, therefore alluding to the myth of Europa. What is interesting is the fact that the UK does not seem to be part of it. Technically, the UK is in Europe but it would seem that it is a far cry from it. The sea separates Britain from Continental Europe and links it with the world beyond .

The phony war is over, the real war has began. On Friday, the first official day of campaigning started with those that favour UK leaving or remaining in the European Union making their opening arguments.

Prime Minister Cameron, coming off a difficult week thanks to the Panama Papers and findings around his father's money, is arguing for the country to remain "in a reformed, modern EU". His adversary, Boris Johnson, Mayor of London, and fellow Tory, speaks about "a glorious alternative" where Britain takes back control of its own destiny.

The UK referendum is still 2 months away (June 23rd) and polls show it is on a knife edge ~ the latest one showing **a tie** or there being **one point** in it. Considered wisdom seems to be that the most likely result is a small majority to remain in the EU, but this is not guaranteed at all, and even if this happens, things will have to change. A 'leave' vote could precipitate a change in Prime Minister, and then 2 years of negotiation of hundreds of trade agreements and arrangements⁴

⁴Bickel, F. (2021). Brexit and Trade Defence: Effects of a Changed Territory. *Journal of International Economic Law*, 24(1), 5-24.

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1.2.1 WHEN DID BREXIT FIRST COME ABOUT

" Brexit " , Britain's decision to leave the European Union (" EU ") after 43 years of membership , is the most important event facing the UK and Europe in recent history . This has no precedent as no nation state has ever left the EU . Eurosceptics on the Continent are watching the discussions with interest and contagion is seen as a risk . Some worry that Europe's great post - war project , the European Union , could even fall apart . The results of the June 23 , 2016 referendum were a surprise , leaving even the staunchest Brexit campaigners unprepared : a " Leave " majority of nearly 52 % - 17.4m votes to 16.1m ' . " A vote to leave is the gamble of the century " said David Cameron , Prime Minister and leader of the " Remain " camp , a few months before resigning after his own political gamble , the Referendum he thought was impossible to lose , badly backfired . ⁵

Theresa May , a supporter of the " Remain " camp , was appointed as Prime Minister with a mission to deliver Brexit . She started " Article 50 " procedures on March 29 , 2017 and began the two - year countdown to a planned exit date of March 29 , 2019 . In November 2018 , after 20 months of intense and difficult negotiations , the UK government and the EU finally came to a " Withdrawal Agreement " .

The 585 - page document is a legally binding text that sets the terms of the UK's divorce from the EU , It covers how much money the UK owes the EU - an estimated £ 39bn - the rights of UK citizens living elsewhere in the EU and EU citizens living in the UK , and the terms of the transition period post Brexit . The final step required to put the agreement into law was for it to be approved by British MPs . This last step proved an insurmountable challenge for Theresa May , as MPs rejected her deal not once , but 3 times . On January 15 , 2019 , the deal was voted down by 432 votes to 202 - the greatest defeat in the country's democratic history . Then on 12 March , after Theresa May had gone back to the EU to secure further legal assurances , the deal was rejected again . And on March 29 - the original day that the UK was due to leave the EU - MPs rejected it for a third time , forcing the Prime Minister to ask EU leaders to delay Brexit.

⁵Born, B., Muller, G., Schularick, M., & Sedlacek, P. (2017). The economic consequences of the Brexit vote. Centre for Economic Policy Research.

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The UK is now due to leave the European Union at 23:00 GMT on October 31 , 2019 Theresa May has announced her resignation as Chief of the Conservative Party and Prime Minister . The immediate challenge for Theresa May's successor , who will take office in late July , will be Brexit , due to happen just three months later . Candidates are trying to convince voters they can negotiate a better deal , even though the EU insists that the withdrawal agreement is binding and will not be reopened . " The deal we have achieved is the best deal possible - it's the only deal possible . " European Commission President Jean - Claude Juncker declared . " So there is no room whatsoever for renegotiation . "" Time is running out to prevent Brexit happening without an agreement in place on future relations . No - deal is the default option if no action is taken . The risk of Britain crashing out of the EU without a deal has never been greater and the feared chaos of a no - deal Brexit has never been more likely .⁶

1.2.2 REASONS OF BREXIT

The result of the United Kingdom's referendum in 2016 to vote for Brexit is one of the most significant political events for Britain during the 21st century. The debate provoked major consideration to an array of topics, argued up-to, and beyond, the referendum on 23 June 2016. The referendum was originally conceived by David Cameron as a means to defeat the anti-EU faction within his own party by having it fail, but he misjudged the level of public support for leaving, particularly amongst Labour Party voters.[citation needed] Factors included sovereignty, immigration, the economy and anti-establishment politics, amongst various other influences. The result of the referendum was that 51.8% of the votes were in favour of leaving the European Union. The withdrawal from the EU took place at 23:00 on 31 January 2020, almost three years after Theresa May triggered Article 50 of the Lisbon Treaty on 29 March 2017. This page provides an overarching analysis of the different arguments which were presented by both the Leave and Remain campaigns.⁷

⁶Breinlich, H., Leromain, E., Novy, D., Sampson, T., & Usman, A. (2018). The Economic Effects of Brexit: Evidence from the Stock Market. *Fiscal Studies*, 39(4), 581-623.

⁷Breinlich, H., Leromain, E., Novy, D., Sampson, T., & Usman, A. (2018). The Economic Effects of Brexit: Evidence from the Stock Market. *Fiscal Studies*, 39(4), 581-623.

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The Spanish newspaper 20 Minutos said on Friday that the British voted to leave the European Union, by 52% to 48%, noting that there are 6 reasons behind Britain's exit from the European Union:⁸

1- European immigration to Britain: It is the most important reason for Britain's shouting at Europe. Official figures confirm the influx of 286,000 Europeans into the British labor market and their benefit from the social advertising system. David Cameron sought to amend the rules related to immigration, but they were always met with European rejection. Because the freedom of movement of individuals clause in the Schengen Agreement is one of the most important clauses of the European Club, in addition to British complaints about European workers.

2- Complaint about European fees: The European Union, like other European organizations, imposes fees on the countries joining it, each according to its economic strength and recovery, but Britain, which is adopting an austerity policy due to its budget deficit, complains about the European fees that burden its treasury, which it must pay 55 million pounds. Sterling daily.

3- Lack of democracy: Some Britons, who voted in favor of leaving the European Union, believe that the union system lacks the democracy in place in the British system, and they cite the broad powers of the unelected European Commission, which has the right to put draft laws before the European Parliament, which is elected directly by the European peoples.

4- Establishing a unified European military force: In light of the geopolitical challenges surrounding the European Union, the idea of creating a unified military force comes to mind, especially to confront Russia and others, and this is what Britain considered a kind of threat, in addition to restoring the bloc's position in foreign policy at the level of The world, taking into account that Britain, along with France, are the two largest military powers in the bloc, which raises fears of their greater participation.

5- Freedom from restrictions imposed on British sovereignty: Britain's exit from the European Union frees the judiciary from the provisions of legal restrictions, especially the European Court of Human Rights, as its rulings become non-binding on the British Supreme Court.

⁸Calliess, C. (2021). The Future of Europe after Brexit: Towards a Reform of the European Union and its Euro Area. *Yearbook of European Law*, 40, 3-55.

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6- The refugee crisis: which began to burden the British government and constitute a great burden on it.

1.2.3 HOW DID BREXIT AFFECT THE EU

This uncertainty will cloud business formation, capital investments, and employment. In fact, these repercussions began to appear even before the vote. The UK's economic slowdown will be exacerbated by falling asset values (such as homes, commercial property and shares) and diminishing confidence on the part of households and businesses. Paradoxically, a sharp fall in the value of sterling may cushion the shock at this point in the absence of changes, as it will make British exports more competitive.

In the long term, this uncertainty will dissipate, but the economic costs to the United Kingdom will remain higher than the benefits. Financial services and other globally oriented industries, which depend on unrestricted access to European markets and exchanges, will be under pressure. At the same time, the alleged gains from freeing the UK from Brussels' strong hand at the regulatory level will be limited, because Britain will likely have to accept most of those rules (without being able to influence them) as part of restructured trade agreements. Immigration is not very common in the UK, and slowing it was a motivation for some who voted to leave the EU, but a slower growing labor force would also reduce overall economic growth.⁹

The rest of Europe will also be negatively affected, although Frankfurt and some other cities may gain finance jobs at London's expense. The biggest risks here are political, as has been widely pointed out: in particular, markets are starting to prepare for the risk that some countries or regions will lobby for greater autonomy from Brussels. Even those sympathetic to similar demands should be concerned about the enormous devastation that would result from attempts to dissolve existing trade and regulatory arrangements, as might happen in Great Britain.

⁹Keegan, W. (2022). France turned its back on the far right. Brexit Britain can too. <https://www.theguardian.com/business/2022/may/01/france-turned-its-back-on-the-far-rightbrexit-britain-can-too>.

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A move by one of the Union members to leave the Eurozone could be particularly destabilizing, and even the possibility of a particular country abandoning the common currency could cause a run on withdrawing deposits from banks and anticipated attacks on the country's sovereign debt and on other countries that might consider... In following in the same footsteps. The challenge for European leaders will be to keep the overall unification process going, while looking for ways to address the concerns of countries that are likely to leave the union. Among the problems that can be reviewed, we mention the European Union's commitment to allowing individuals complete freedom of movement across borders, which is considered a political principle more than an economic one. The idea that the United Kingdom had lost control of its borders was one of the most effective arguments for voting for the Kingdom to leave the Union, in addition to separatist movements elsewhere exploiting this issue.

Globally, the Brexit shock is mostly felt in financial markets, with investors selling risky assets such as stocks and flocking to supposedly safe havens such as the dollar and the sovereign debt of the United States, Germany and Japan. Investors may be more risk averse than they would otherwise be because they realize that central bankers in advanced economies have less room to ease monetary policy than in the past. Among the countries most affected is Japan, where the battle against deflation may be set back in light of the rise in the yen and the decline in Japanese stock prices.

As for the United States, market turmoil is unlikely to derail economic recovery, as long as financial market conditions do not worsen significantly: the rise in the dollar price and the decline in US stocks remain relatively moderate so far. Moreover, the decline in longer-term US interest rates (including mortgage rates) partly offsets the weakening effects of the dollar and stocks on financial conditions. However, the Federal Reserve and other US policymakers will remain cautious until the effects of the British vote are better addressed.¹⁰

Although bank share prices have been affected, especially in the United Kingdom and Europe, a financial crisis seems unlikely at this stage. Central banks monitor the financing and financial conditions of banks, and so far no serious problems have emerged. (This was helped by the fact that the date of the referendum was known for months, which gave the authorities time to prepare. The quantitative rise in bank capital in recent years also helped.)

¹⁰Kumar, R. (2019). Research methodology: A step-by-step guide for beginners. SAGE.

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Through its currency swap lines established during the global financial crisis, the Federal Reserve makes sure that other major central banks have access to dollars. As I have already noted, the greatest risks to financial stability at this stage appear to be political – in particular, the risk of additional reversals or collapses in the European Union – rather than economic. The story probably doesn't end here.

1.3 CONSEQUENCES OF BREXIT

The United Kingdom's withdrawal from the EU, created barriers to trade and cross-border exchanges that did not exist prior to 1 January 2021.

Consequences for public administrations, businesses and citizens were unavoidable, broad and far-reaching, even with the EU-UK Trade and Cooperation Agreement in place.

The Commission provided training and guidance to Member State administrations as well as stakeholders, and will continue to organise sectoral seminars with all Member States at technical level, to help fine-tune the implementation of readiness measures, in particular in the areas of border checks for persons and goods.

Regarding questions in respect of the application of the EU-UK Trade and Cooperation Agreement, citizens, associations and businesses can contact Europe direct Information service.

Moreover, the Commission provides for a single entry point where EU companies, trade organisations or non-governmental organisations can submit complaints on barriers to trade in non-EU countries, and about non-EU countries not meeting the commitments, including in the area of sustainable development, they have made in trade agreements.¹¹

First, a vote by a Member State to leave, is an immense shock to the Union's self-image, global standing and sense of durability of the European project. If one Member State can vote to leave, so potentially can others: there is nothing inevitable about an ever-expanding and developing European Union. It can be rolled back. Because, particularly of the euro crisis, that sense of EU fragility already existed, the Brexit vote will now further weaken the Union's credibility, legitimacy and political capacity to act.

Second, it also places a further burden on the EU institutions and the Member States, struggling with the Euro crisis, migration flows, ISIS and Russian aggression. Dealing with

¹¹Lannoo, K. (2016). E.U. Financial Market Access After Brexit. *Intereconomics*, 51(5), 255-260.

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complex Brexit negotiations reduces the resources available to deal with all these crisis and increases the complexity of managing these crises as they begin to feed off one another. This interaction between crises can be seen in the use by nationalist forces, such as those of the Front National in France to deploy the Brexit result in a broader attack against EU and euro zone membership. It galvanises anti-EU forces across the continent, with the prospect that the EU is indeed toppling and it will only need a few more events like the Brexit vote to end the Union.

Third, while we do not know the shape of any EU-UK deal, the EU has potentially lost its most economically liberal member. The effect of Brexit here is likely to result in slower development of the single market. Projects like the Energy Union will also lose a major champion. There is also a further interaction with rising nationalism in Europe, in that with the loss of the UK some of the single market gains may well vanish. Rising nationalist parties are likely to demand more protection for local industries. Without the UK available to weigh in the balance against such protectionism, the capacity of the northern European free traders to defend the single market is in doubt.¹²

A further threat to the single market flows directly from British withdrawal. As explained above, the UK has some degree acted as an employment shock absorber for the Eurozone and has soaked up workers from CEE states. If the UK no longer provides a broad right to work on its territory for EU nationals, those workers will be looking across the rest of the Union instead. A further danger therefore arises that for rising nationalist parties, increased flows of EU nationals into their labour markets becomes a major political issue. Nationalist parties, rather like UKIP in the United Kingdom, seek to not just attack the EU for its failures in dealing with migration flows, but also for the increased flows of EU workers into their states.¹³

It could be argued that the damage to the UK from Brexit will provide greater reassurance and support for the EU, or at least the recognition that there are dangers of leaving the Union. This may well not be the way Brexit works out.

The UK unlike the 19 Eurozone states remains a currency sovereign. It can borrow at fine rates on twenty year terms in its own currency, allowing infrastructure and industrial

¹²Naithani, P. (2021). Practitioners' Corner · Regulating the 'Fingerprinting Monster' Through E.U. Data Protection Law. *European Data Protection Law Review*, 7(4), 597-608.

¹³Onomah, E. (2019). *Effect of Brexit on the European Union and the U.K.* München GRIN Verlag

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funding to generate new sources of growth; the City of London can pivot toward deep regulatory competition against the European Union and the significant fall in the currency provides the UK with the means to obtain a major competitive advantage in international markets. This gives London the option of developing a major funded economic programme to offset the damage caused by the uncertainty of the Brexit vote. As a consequence, Britain could engage in negotiations over the next few years with the EU, with limited economic damage, whilst the economy maintains a stable level of economic growth.¹⁴

British economic stability post the Brexit vote is a form of threat to the EU. The more stable the British economy is the more nationalist parties will use the Brexit vote as an argument for saying that there is nothing to fear from leaving the Union.

The Brexit negotiations themselves may well generate significant divisions within the Union, which then may well feedback into the other European crises. For instance, if some of the CEE states want to see a more generous deal with the UK, concerned about maintaining Britain engaged in security and defence co-operation, and some Western European states led by France, seek a less generous deal, there could be further east-west fissures. These are already present given concerns over the constitutional and human rights decisions of governments in Hungary and Poland. Brexit would only reinforce those fissures.¹⁵

CONCLUSION

In October 2016 post the Brexit vote, facing further euro crisis, Russian military manoeuvres on the Ukrainian/Russian border, Turkey opening the door to greater migrant flows and a continuing ISIS threat, the EU is under immense pressure.

The possibility is that despite these multiple crises the Union will continue to kick the can down the road, trying to manage the increasingly unmanageable until there is a significant political rupture. This certainly has been the experience of the last decade with the euro crisis. The unthinkable cannot however be ruled out - the shock of the Brexit vote may galvanize Europe's political leadership to take the steps necessary to save the European project. This would involve reforming the euro or providing a soft exit for some Eurozone states;

¹⁴Price, S. (2019). The Impact of Brexit on E.U. Development Policy. *Politics and Governance*, 7(3), 72-82

¹⁵Adam, R.G. (2019). *Brexit: Causes and Consequences*. Springer. Aniche, E. (2018). *The Brexit: A Massive Setback for European Union and a Lesson for African Integration*. SSRN.

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providing a credible growth package of finance and policy measures to drive economic growth over the next decade; tackle the downsides of globalization; Develop a coherent external migration strategy with adjacent states, and develop a coherent and robust Russia policy.

This is all on top of engaging in a multi-year parallel negotiation with the UK on a separation and trade deal.

Just listing the challenges and recalling the failures of the Union over the last decade does not give much reason for hope. Perhaps, however, the last gift Britain can provide the Union is of Brexit, as a shock sufficient to reform itself and save a unique form of international co-operation that for most of the last five decades has served Europe and Europeans so well. ¹⁶

¹⁶Bartkowiak, M., & Ratajczak, A. (2019). Brexit and the effects in Germany from an economic and social perspective. *Przegląd Politologiczny*, (3), 41-58.

CHAPTER TWO

BREXIT AS AN ECONOMIC ISSUE

Chapter 02 : Brexit as an economic issue

INTRODUCTION

It is clear now than before the vote that the biggest losers, in economic terms, will be the British themselves. The vote opens the door to many years of uncertainty about the rules that will govern the UK's trade with neighboring countries on the European continent, the fate of foreign workers in Britain and British workers abroad, and the country's political direction, including perhaps what its borders will look like. in the end.

This uncertainty will cloud business formation, capital investments, and employment. In fact, these repercussions began to appear even before the vote. The UK's economic slowdown will be exacerbated by falling asset values (such as homes, commercial property and shares) and diminishing confidence on the part of households and businesses. Paradoxically, a sharp fall in the value of sterling may be a buffer at this point if there are no changes, as it will make British exports more competitive.¹⁷

2.1 ECONOMIC IMPLICATIONS

In June 2016, Britain voted to end its 40-year membership in the European Union. On January 31, 2020, the controversial decision to leave the union went into effect. Since that decision, Britain has had conflicting economic results with higher inflation and lower GDP.

According to Chief European economist Sven Jari Stehn, The U.K.'s GDP per capita has only increased 4% since they voted to exit the European Union in 2016. This is significantly lower than the 8% increase in the Eurozone and 15% growth in the U.S. Coupled with a 31% increase in consumer prices in the U.K. since 2016, Brexit has not had the desired impact on the British economy yet. Consumer prices only increased by 24% in the Eurozone and 27% in the U.S.

Goldman Sachs recently ran a hypothetical model comparing the U.K.'s post-exit economy and one where they never left. According to the model, the U.K.'s economy is 5% worse off having left the European Union. This is partly due to the 15% decrease in total imports and exports to the European Union and the rest of the world. For the 5th time in three years, the U.K. government has delayed health and safety checks on food imports out of fear

¹⁷Bailey, D, L De Propriis, A De Ruyter, D Hearne, and R Ortega-Argilés (2023), "Brexit, trade and UK advanced manufacturing sectors: a Midlands' perspective", *Contemporary Social Science* 18(2): 250-265.

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of increasing food prices. According to the London School of Economics, Brexit is responsible for about one third of food-related inflation, costing an additional 8.8 billion dollars on groceries. The U.K. announced that border checks on food could limit 28% of the food consumed in Britain. According to the Office for National Statistics, they have seen a sharp trade fall for goods and services. Due in part to more complexity and regulation in supply chains. These trade difficulties are disproportionately hurting smaller firms, which are having a hard time absorbing the extra costs. They are also having a more challenging time dealing with the increase in red tape, specifically customs- export declarations companies must fill when shipping goods out of the E.U. These custom-export declarations have more than tripled since 2016. This results in higher prices, which ultimately hurts the consumer.¹⁸

According to the Goldman Sachs model, overall investments are also down 5% compared to if Britain never left the European Union. This impact on their economy is exacerbated by a decrease in E.U. migration, which has put more tension in the labor market. Before Brexit, most immigrants who went to the U.K. were looking for work; now, they are mostly students who have a much lower impact on the economy. This has been one of the many factors pushing their inflation higher. The U.K. government plans to increase the flow of higher-skilled workers and reduce the flow of lower-paid workers in order to focus on long-term growth.

In 2023, the Center for Economic and Policy Research(CEPR) issued a survey to the British public about the impacts of Brexit. According to the summary, two thirds the British public thinks Brexit has damaged the economy. While only 20% believe there has been a positive impact. However, one of the positive benefits of Brexit is that the U.K. has more control over its economy and trade.¹⁹

¹⁸Bailey, D, L De Propriis, A De Ruyter, D Hearne, and R Ortega-Argilés (2023), “Brexit, trade and UK advanced manufacturing sectors: a Midlands’ perspective”, *Contemporary Social Science* 18(2): 250-265.

¹⁹Baldwin, R (2014), “Multilateralising 21st century regionalism”, *VoxEU.org*, 20 January.P : 21-30

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2.1.1 IMPACT ON TRADE AND BUSINESS

In the months since Boris Johnson signed his Brexit trade deal, the economic damage caused by his isolation has been eclipsed by the coronavirus, however, and the cost has become clearer.

Britain left the European Union, contributing to growth, as the Kingdom brought in a large group of European workers that included many united companies, in addition to the bureaucracy of trade agreements with its largest and largest markets. This brought to their agreement a shortage in the supply chain, and led to inflation and obstruction. commerce.

Britain's trade with the European Union has declined since the country's withdrawal from the bloc, with businesses hit by new customs procedures and checks.²⁰

As of October, goods trade between the UK and the EU was 15.7% lower than it would have been if Britain had remained in the EU's single market and customs union, according to modeling by the Center for European Reform, an independent think tank.

This is consistent with the UK government's analysis for 2018, which predicted a 10% decline in trade.

But there is the fact that the UK has delayed the implementation of many of its post-Brexit border controls until 2022. From January, imports from the EU will need to be immediately accompanied by a customs declaration, and food products will face additional physical inspections from now on. From summer.

On the other hand, Britain has made limited progress in signing trade deals that go beyond the agreements it enjoyed as a member of the European Union. Earlier this month, the UK signed its first fully independent trade deal with Australia, and initial terms were agreed with New Zealand. However, it is expected that economic support from both agreements will be limited. A trade deal with the United States, touted as one of the main prizes for Brexit, appears to be years away.²¹

²⁰Bank of England (2023), "Monetary Policy Summary and Minutes of the Monetary Policy Committee", P : 42

²¹Bank of England (2023), "Monetary Policy Summary and Minutes of the Monetary Policy Committee", p :42

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THE JOB

Brexit has exacerbated the UK's labor supply crisis, with 200,000 Europeans leaving Britain in 2020, prompted by stricter immigration rules amid the deepest economic recession in three centuries. This has helped create staff shortages in sectors such as hospitality and retail, which have historically relied on EU workers, and led to empty shelves.

A smaller pool of EU workers has also exacerbated the fuel crisis in Britain, where a shortage of tanker drivers contributed to a wave of fuel shortages over the summer. Since then, Johnson's government has eased visa requirements for EU workers, and the driver shortage has been reduced as more local drivers have been trained.²²

Even before Britain completed its separation from the European Union at the end of 2020, Brexit shrank the size of its economy by about 1.5%, according to estimates from the Office for Budget Responsibility (OBR). This was due to a decline in business investment and a shift of economic activity to the EU, in anticipation of higher trade barriers.

Since the UK-EU Free Trade Agreement came into force, the decline in trade volumes means Brexit is on track to cause a 4% decline in the size of the UK economy in the long term, according to the OBR.²³

Of all the UK regions, Northern Ireland - which remained in the EU's single market for goods as part of the post-Brexit settlement - appears to have performed best. It has largely recovered from the pandemic, with third-quarter production falling just 0.3% from the last quarter of 2019, according to data from the Office for National Statistics, compared to a 2.1% decline in the UK overall over the same time period.

FINANCE

Brexit has prompted financial companies to move at least some of their operations, employees, assets or legal entities from London to the EU. But the turnaround has been smaller than expected, in part because the pandemic has hampered employee transfers.

²²Campos, N, F Coricelli and L Moretti (2014), "Economic growth and political integration: Estimating the benefits from membership in the EU using the synthetic counterfactuals method," CEPR Discussion Paper 9968.P :345

²³Campos, N, F Coricelli and L Moretti (2014), "Economic growth and political integration: Estimating the benefits from membership in the EU using the synthetic counterfactuals method," CEPR Discussion Paper 9968.P : 345

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According to a survey by accounting firm EY published this week, London lost about 7,400 jobs, down from previous estimates of 7,600. This is far lower than some estimates made before Britain left the bloc, with think tank Bruegel, in 2018, saying London could eventually lose 10,000 banking jobs and 20,000 jobs in the financial services industry.

British financial companies are still waiting for full access to the EU single market, which depends on the EU granting a so-called equivalence decision. But progress has been slow as disputes over Northern Ireland have strained relations between the EU and the UK.

In the longer term, the biggest threats to London are likely to come from New York, which has increased its share of derivatives trading.²⁴

2.1.2 TRADE RELATIONS

The future of the UK's trade policy after Brexit is important for the consumers, the farmers and the producers.

For consumers, how the UK trades with the EU and the rest of the world could affect the availability, price and quality of food. Only 61% of all the food eaten, and 75% of that able to be grown in the UK, is produced in the country. The remainder –worth more than £47 billion a year– is imported. Much of the imported food we eat (some 70%) comes from the EU.

Trade also matters to farmers, food producers and processors. The UK exported £22 billion of food, feed and drink in 2018. Although smaller in absolute terms than other sectors' exports, exports make up a significant proportion of sales for some parts of the agri-food industry, such as the lamb and pork sectors. The terms of trade with the EU will be vital since the EU is a major destination for exported agri-food products: two-thirds go to the EU and seven of the top ten destination countries are EU members.

This briefing sets out key information on the UK's current international trade in food, feed and drink. It considers how potential changes to trading arrangements after Brexit, particularly to tariffs and regulatory arrangements, could impact on food producers and consumers. The briefing includes information on agri-food trade aspects of the May Government's Withdrawal Agreement and the new Withdrawal Agreement announced in

²⁴Campos, N, F Coricelli and L Moretti (2014), "Economic growth and political integration: Estimating the benefits from membership in the EU using the synthetic counterfactuals method," CEPR Discussion Paper 9968.P :345

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October 2019 as well as exploring some key issues arising under a no deal scenario such as food supplies and farm exports.²⁵

Free and frictionless trade

Farmers and the agri-food industry consider frictionless trade with the EU as an objective. Prime Minister Boris Johnson has said that he wants as free and frictionless trade in agri-food goods with the EU as possible and a UK international trade system that does not undermine high domestic production standards. Two key potential barriers to achieving frictionless trade outside of the EU are tariffs and regulatory standards.

Tariffs

Trade between EU Member States is tariff-free but, globally, agri-food products typically attract high tariffs and this can impede trade and affect prices. Farmers are concerned about the EU imposing third country tariffs on UK exports and the impact this will have on their ability to sell products such as sheepmeat to EU consumers at competitive prices.

World Trade Organisation (WTO) non-discrimination rules have implications for imports. If the UK wishes to allow imports from the EU to carry on without tariffs, then it will need to apply the same regime to any country's products (with some developing country exceptions) unless a UK-EU Free Trade Agreement is concluded. Putting low or zero tariffs on UK imports from all countries would help to keep prices down for consumers but could undercut UK farmers. In contrast, putting higher tariffs on imports to help protect farmers from increased competition from non-EU countries' products could increase prices in the shops.²⁶

The UK lodged in 2018 WTO tariff schedules to apply to imports after Brexit. However, the Government has announced temporary tariffs that would apply for up to a year in the event of no deal. Whilst the majority of imports to the UK would be tariff free, tariffs would apply to some agri-food products, with higher levels for products such as sheepmeat and beef to protect these sectors. Zero tariffs would apply to other foodstuffs however, such as vegetables and eggs. No tariffs would be applied to imports to Northern Ireland from the Republic of Ireland

²⁵Du, J, E Satoglu and O Shepotylo (2023), "How did Brexit affect UK trade?", *Contemporary Social Science* 18(2): 266-283.

²⁶Freeman, R, K Manova, T Prayer and T Sampson (2022) "UK trade in the wake of Brexit", CEP Discussion Paper 1847.

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Trade in services is complex. It's helpful to look at the way services are traded relative to the border. The WTO distinguishes four different modes of supply: cross-border supply, consumption abroad, commercial presence and migration of natural persons (people) to supply services. WTO members commit to opening their markets across the four modes of supply. The modes also feature in free trade agreements between countries and are instrumental in trade negotiations.²⁷

2.1.4 CHANGES IN TRADE AGREEMENTS

London signed Sunday in New Zealand its accession to the Comprehensive and Progressive Trans-Pacific Partnership, its most important trade agreement since Brexit, but economists played down its significance.

Thus, the United Kingdom will be the first European country to join the partnership agreement, which includes 12 countries with a gross domestic product of 12 thousand billion pounds sterling, according to a statement issued by the British Ministry of Commerce.

The member states are home to 500 million people and, with the United Kingdom's accession, they represent 15 percent of the world's gross domestic product.

After signing the accession, it will have to be ratified by the British government, including a parliamentary stage, while other member states complete the final legal steps, according to the statement.

Before the signing, British Trade Minister Kimmy Badenoch referred to "additional exchanges worth billions of pounds," the statement quoted her as saying.

When announcing the agreement at the end of March to join the Trans-Pacific FreeTrade Partnership, London estimated that the partnership's contribution to the British economy would reach £1.8 billion.²⁸

In a document published in June 2021, the government indicated that its impact on GDP would be 0.08 percent.

2.2 ECONOMIC INDICATORS

²⁷Fry, E and S Hale, S (2023) "Open for business? UK trade performance since leaving the EU", Resolution Foundation, February. P : 48-52

²⁸Gudgin, G, and S Lu (2023), "The CER doppelganger index does not provide a credible measure of the impact of Brexit", UK in a Changing Europe Working Paper , P : 22-37

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After the referendum, there were a great debates in UK concerning the economic effects. The majority of economists believe that Brexit has harmed the UK's economy and the referendum damaged it.

Before examining the real-world impacts of the TCA, it is helpful to step back and set out what economists anticipated the impacts of Brexit on the UK economy to be. This is important because, during the period of EU membership since 1973, UK economic growth and GDP per **capita grew** as the economy developed greater trade and capital flows with the EU alongside greater migration.

This gave rise to **arguments** from leading economists that reduced access to the EU's single market, alongside uncertainty, which would likely reduce international investment into the UK, would likely lead to lower wages, a lower sterling rate and the need for higher taxes or reduced investment in public spending.

Crucially, however, the economic benefits of EU single market membership were not distributed evenly across the UK. Whilst London and the South-East benefited from marked increases in financial and related professional services activity in particular, provincial regions did not see the same GDP growth. As such, the period of UK EU membership did not reverse the long-term pattern of marked regional differences in economic performance across the UK (Hall 2009).²⁹

Research has argued that voters living in places that had not benefitted from rising GDP at the national level, which were also often the places that were most impacted by austerity policies in the 2000s were influenced by these experiences and registered this in part through a Leave vote.

However, the role of economic experts, and forecasting in particular, has been the subject of continued debate and criticism since the Brexit referendum in 2016. In part, this stems from early initial forecasts of the economic impacts of Brexit that predicted a negative economic impact that would be felt relatively quickly, driven by negative impacts on financial markets, consumer and business confidence.

The most negative elements of these initial forecasts did not materialise by enlarge. On the one hand, the pound did fall mainly as expected, but the predicted house price fall did not materialise. Similarly, the labour market remained relatively strong, with a slight fall in unemployment.

²⁹Haskel, J and J Martin (2023), "How has Brexit affected business investment in the UK", Economics Observatory, March. P : 135

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However, the longer-term predictions made during the referendum, particularly concerning the impacts on trade and migration, have been more accurate. The nature of the TCA itself needs to be set out to understand these impacts. Broadly, the TCA does more to liberalise goods trade between the UK and the EU than it does for services trade.

This is significant because services have historically been a strength for the UK economy whilst goods have dominated the EU. The TCA provides zero tariffs and quotas on goods but very little around the mutual recognition of regulatory standards or to support labour mobility, which is essential in services.³⁰

In terms of goods trade, following the implementation of the TCA, research shows a 25% decrease in UK imports from the EU compared to imports from the rest of the world. Their research suggests a smaller and more temporary decrease in UK exports to the EU. However, they report a considerable reduction in the number of trade relationships between UK exports and their EU counterparts. This suggests that smaller firms may have been more likely to decrease their exporting activity to the EU than larger firms, who may have had more capacity to address any additional costs they incurred with exporting to the EU.

Regarding services trade, data quality is not as strong as for goods. In services, there is evidence of a decline in UK services exports to the EU in the immediate period post-referendum, before the implementation of the TCA. This has been placed at around 6% in 2019. In terms of financial services in particular, which are especially important in the UK, there is evidence that approximately 10% of total banking assets have moved to the EU, with a smaller proportion of jobs relocating.

Taken together, this analysis suggests that the early economic impacts of Brexit on the UK economy do not neatly follow the estimates made by economists immediately following the referendum.

There have been negative impacts on trade, which can be largely separated from the effects of COVID-19 and the War on Ukraine. Crucially, the devil is in the detail, with such changes varying significantly by economic sector and location in the UK. Whilst Brexit is only in its early stages economically, it is clear that its impacts are sectorally and regionally variegated.³¹

2.2.1 EMPLOYMENT, INFLATION,...etc :

³⁰OBR – Office for Budget Responsibility (2023), “Economic and Fiscal Outlook”, March. P :67-70

³¹Portes, J (2021), “Migration and Wages after Covid and Brexit”, UK in Changing Europe, July.P :78

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Nations raise demand for a smaller market of suppliers, are driving up food costs in a nation that is disproportionately dependent on cheap imports due to its chronically declining domestic agricultural industry.

Similarly, Levell argues that the universal rise of energy prices, caused by a combination of a reduction in Russian oil imports and pandemic supply chain issues in the middle east, would have had a disproportionately negative effect on the U.K. economy. Britain's position as a net importer of energy, a fact undoubtedly exacerbated by the opening of the North Sea Link that connects Norwegian gas supply to the U.K., means the island is more exposed to global price shocks than most of continental Europe. He uses this to argue that rising oil and gas prices would drive inflation in the U.K. much as the 1973 crisis did in the late 1970s.

Yet, it is important to note some shortcomings in Levell's explanations of the cause of Britain's excess inflation. Despite his initial argument, inefficiencies in Britain's supply chains can instead be traced back to Brexit and Britain's withdrawal from both the EU's Customs Union and Single Market, established governmental systems through which importing and exporting of goods within the EU is streamlined. The impact of this can be seen unambiguously in the delays at the Dover-Calais border crossing. To blame this on Putin's invasion then, is specious. Further, Levell's arguments surrounding Britain's reliance on energy imports are also superficial. Germany, a country that imported over 98 percent of its oil in 2021, 34.1 percent of which is from Russia, is seeing inflation rates much lower than that of the U.K. France, too, has capped all energy price rises at 4 percent.³²

Brexit, then, can be seen as the guilty culprit in Britain's inflationary crisis. A conspiracy of international events stemming from the geopolitical environment combined to constitute the perfect storm for the U.K. and the rocky foundations entrenched by its Brexit decision. Through tightening Britain's labor market and damaging her ability to trade with her closest trading partners across the channel, Brexit has embedded structural failings into the U.K. economy. Through slashing confidence in the pound and failing to protect the just-in-time manufacturing process, it ensured that Britain was not only unable to respond to geopolitical crises but that it would buckle under trade pressures, its economy plunging into stagflation not seen since the 1978 winter of discontent. Inflation reignited by a

³²Portes, J (ed) (2022), *The Economics of Brexit: What Have We Learned?*, CEPR Press. P : 54

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rapidly shifting geopolitical context has been fanned by the failings of the Brexit withdrawal agreement, damaging Britain's economic stability for years to come.

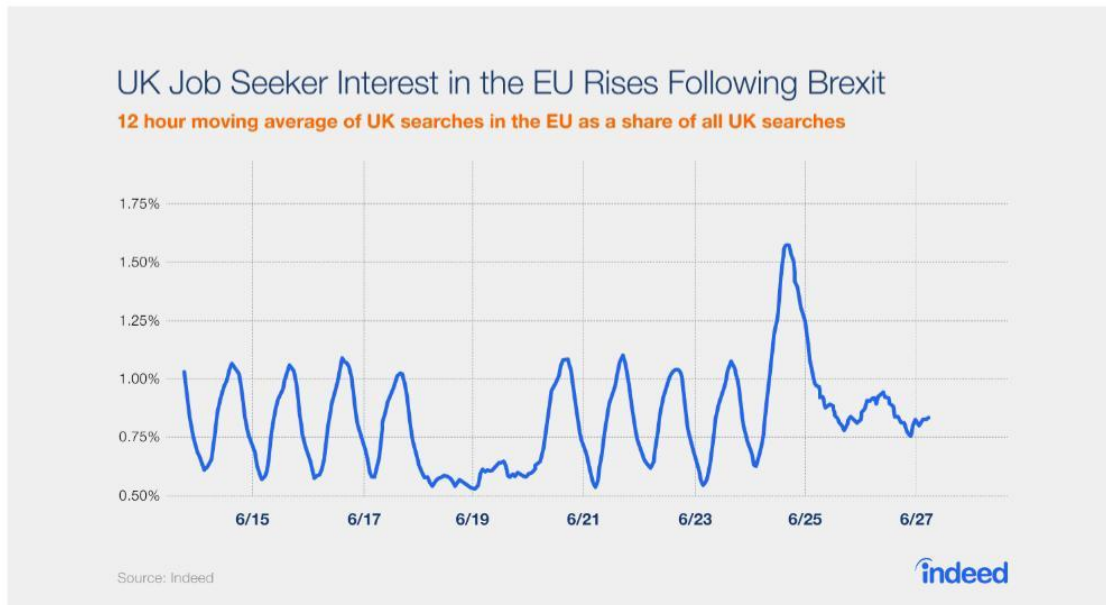
The decision to leave the EU has raised many questions and concerns for employees, employers and policymakers. There's no doubt that Brexit will have an effect on migration, the labour market and employment law. If the free movement of EU citizens is halted, it could stunt the growth of the UK's future workforce. Up to 47% of high-skilled professionals and 38% of low-skilled EU Nationals are considering leaving the UK in the next five years thanks to the assumed changes in employment and migration law in the UK.

However, the UK's unemployment rate has fallen since the referendum, and there have been a few positive markers that may present opportunities for both UK businesses and their employees.

The chart below shows the hike in UK job seekers considering their options abroad after the Brexit result. ³³

³³Portes, J (2023a) "Why the panic over rising immigration? The post-Brexit system is working", *The Guardian*, May.P : 31-33

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EU workers in the UK still have the right to live and work freely in the UK. Until the UK fully negotiates its position and relationships with the rest of Europe, stay informed of the immigration status of your workforce, and make sure you communicate with employees, who may be concerned, as things develop

2.3 BUSINESS PERSPECTIVES

Leaving the EU and the terms under which we leave could present a substantial shock to business conditions, affecting decisions over investment, employment, location, exporting and importing through supply chains.

This was the impetus for Professor Paul Mizen to create the Decision Maker Panel: a wide-ranging project to assess the impact of Brexit on British businesses. It is now one of the largest regular business surveys in the UK and receives thousands of responses from business leaders every month.

Set up in the wake of the 2016 EU referendum in collaboration with the Bank of England and Stanford University, the Decision Maker Panel is a regular online survey of 9,500 UK chief executives and chief financial officers, providing detailed data by region, industry and firm size to measure UK investment, productivity, sales, employment and uncertainty. The findings have been used to provide insights into the appropriate monetary

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policy response by the Bank of England's Monetary Policy Committee, to explain the effects of Brexit uncertainty on the UK economy in Bank of England official publications, speeches, evidence to Parliament and to the public through the media.³⁴

2.3.1 IMPACT ON DIFFERENT INDUSTRIES

It represents an alternative sector in Britain for its setback in its outlook for growth, with production and employment falling more recently in December than the previous month.

The Standard & Poor's Global/CIPS Purchasing Managers' Index reading may widen to 46.2 in December, easily ending a four-month streak of improvement, down from a seven-month high of 47.2 in November, according to Reuters. .

It is also possible to read comprehensively about the first estimate for December of 46.4, which includes less than the 50.0 growth threshold for the seventeenth month in a row.

The British sector bears the brunt of high borrowing costs. Including, December PMIs noted that the larger services sector saw significant volume in six months.

Rob Dobson, director of Standard & Poor's Global Intelligence, said: "The drawing of new orders for the Japanese currency saw clear clarity and translation markets, especially in the European Union, are characterized by confidence in the sector at a lower level than in a year." Growth to the points of reduction in the levels of purchasing and promotion, and encouraged by the Central Bank of Iraq to enhance market growth.

Among them: "With no rise in interest rates and the costs of the crisis are hurting demand, and given the expectations of manufacturers are certainly within the limits of stopping. However, the appearance has some positive impacts on supply lines, as suppliers reduce raw material prices and help lead times improve better."

Because he warned that manufacturers gradually raised their prices for the second month in a row, driven by the trade sector. It has caused input costs since last May.³⁵

³⁴Portes, J (2023b), "How much has Brexit cost the UK economy", UK in a Changing Europe, June. P : 45-50

³⁵Portes, J and J Springford (2023), "The impact of the post-Brexit migration system on the UK labour market", *Contemporary Social Science* 18(2): 132-149.

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2.4 FINANCIAL MARKETS

Participants in the global financial markets are facing great uncertainty about what impact Brexit will have on the European financial system and particularly, the UK financial services sector and its capital markets. It has been argued that Brexit will result in losses of business for the UK-based financial firms, reduction of the human capital pool for the UK financial services sector, loss of competitiveness of the City of London as an international financial centre, and foreseeable higher costs of doing business for both UK and European financial firms due to amendments of regulations and the construction of new financial infrastructures within the EU.

However, Brexit may also provide new opportunities to the UK financial sector. For example, leaving the EU may set the UK financial sector free to establish business with other markets outside the EU, such as the US, the Middle East, and Asian emerging markets, which may reinforce the importance of the UK financial service sector in the global financial system.

Overall, there are uncertainties surrounding what the new relationship between the UK and the EU will look like after Brexit. Brexit not only challenges practitioners, but also brings about many academic questions, which include.³⁶

2.5 EFFECTS ON STOCK MARKETS AND CURRENCY VALUES

Currencies are traded on the foreign exchange (forex) market and can affect stock markets by impacting the broader economy, which affects the performance of businesses. A fall in one nation's currency will make its exports cheaper, helping businesses that sell overseas, while making imports more expensive, potentially hurting consumers and retailers.

The U.S. dollar affects U.S. stock markets by impacting the broader American economy, which affects the performance of businesses and, therefore, stock prices. The U.S. dollar also affects international stock markets because the majority of foreign bank reserves are held in U.S. dollars, so movement in the U.S. currency has a flow-on impact on foreign economies.³⁷

³⁶Springford, J (2022) "The cost of Brexit to June 2022", Centre for European Reform, November.P : 67-71

³⁷UK in a Changing Europe (2019) "The economic impact of Boris Johnson's Brexit proposals", October 2019.P : 125

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CONCLUSION

The findings from our recent research suggest that the UK's cities and regions which voted for Brexit are also the most economically dependent on EU markets for their prosperity and viability. This is a result of their differing sectoral and trade composition. Different impacts are likely for different sectors, and also different impacts are likely between sectors, and these relationships also differ across the country's regions. Some sectors, some regions and some cities will be more sensitive and susceptible to any changes in UK-EU trade relations which may arise from Brexit than others and their long-run competitiveness positions will be less robust and more vulnerable than others.

This suggests that these sectoral and regional differences need to be very carefully taken into account in the context of the national UK-EU negotiations in order for the post-Brexit agreements to be politically, socially as well as economically sustainable across the country.³⁸

³⁸Portes, J and J Springford (2023), "The impact of the post-Brexit migration system on the UK labour market", *Contemporary Social Science* 18(2): 132-149.

CHAPTER THREE

BREXIT AS A NATIONAL IDENTITY

Chapter 03: Brexit as a national identity

INTRODUCTION

The decision by a narrow majority of British voters to leave the European Union (EU) in 2016 was a political earthquake that few had seen coming. It produced new political divisions, not only between the United Kingdom and the rest of Europe but also within the United Kingdom. In particular, the referendum campaign and the outcome generated two new political identities: “Leavers” and “Remainers.” These Brexit identities crosscut partisan identities and voters formed deep emotional attachments to them.

Moreover, this Brexit divide led to affective polarization in the form of out-group animosity and discrimination. It also shaped perceptions of the economy, attitudes toward immigration, vote choices, and losers’ consent. Brexit identities have been shown to be salient and politically consequential. Yet, we know much less about whether these new identities are rooted in policy norms that go beyond preferences about the desirability of leaving the EU.

We demonstrate that Brexit identities are associated with specific policy preferences and that these group norms are relatively well known to the public. We also show that providing policy cues about Brexit group-identity norms appears to be effective in shaping opinion. Overall, we contribute to the growing literature around nonpartisan political identities and their importance in shaping political attitudes and behavior.³⁹

3.1 SOCIAL AND CULTURAL IMPACT

Leavers and Remainers are clearly on opposite sides of the cultural dimension. In fact, people are not only aware of these differences among Leavers and Remainers; they also appear to align themselves with the preferences of their in-group.⁴⁰

Our findings also raise a more general point about social identities. The aftermath of the EU referendum in Britain demonstrates that politically salient and distinct group identities can emerge over a relatively short time and then persist. These new identities can rival partisan identities in terms of stability, strength of feeling, and even shared policy norms. Although some people have changed their mind about Brexit, the vast majority of those who voted in the referendum and identified with one side of the debate have remained true to their

³⁹Campbell, Angus, Converse, Philip E., Miller, Warren E., and Stokes, Donald E.. 1960.

⁴⁰Clarke, Harold D., Goodwin, Matthew, and Whiteley, Paul. 2017. *Brexit: Why Britain Voted to Leave the European Union*. Cambridge, UK: Cambridge University.

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chosen in-group. Moreover, these identities have continued to shape people's outlook on politics long after the referendum. This suggests that political identities with shared policy norms are not unique to partisanship but that highly visible events (e.g., the Brexit referendum) can also create new identities, thus activating value divides that crosscut existing partisan divisions.⁴¹

The researchers found that social class, a measure of people's long-term economic security, prospects and interests, does not predict Leave support, once social status is included in the model. Rather, the decision to vote Remain or Leave in the UK's EU Referendum in 2016 appears to be down to people's worldview: whether they take a more cosmopolitan or a relatively insular view of Britain's place in Europe.

Individuals professing stronger British identity, when considered on its own, are more supportive of Leave. But when British identity is juxtaposed with national identities (e.g., English and Scottish), those who claim to be British only are less pro-Leave than those who see themselves as English only or British and English. Furthermore, people with a more diverse cultural consumption were more likely to support Remain.⁴²

By examining regional areas in England, the researchers found that differences within English regions in Brexit support are quite small. Once the immigration level in local areas is taken into account, support for Remain is higher in some English regions than in London, such as the North East and the North West.

The research team also found that the impact of immigration on Leave-support is quite subtle. People living in areas where there is a concentration of immigrants are actually less pro-Leave.

Lead author Professor Tak Wing Chan said: "There is a narrative that people in relative poverty voted for Brexit as a revolt and that social class predicts leave support. But Leave-support goes far beyond these groups. Indeed, quite a lot of people in comfortable

⁴¹Campbell, Angus, Converse, Philip E., Miller, Warren E., and Stokes, Donald E.. 1960.

⁴²Clarke, Harold D., Goodwin, Matthew, and Whiteley, Paul. 2017. Brexit: Why Britain Voted to Leave the European Union. Cambridge, UK: Cambridge University.

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circumstances or living in leafy neighbourhoods support Leave. Many of them do so because they subscribe to a more nationalistic view of Britain's place in Europe.⁴³

“Of course, such a worldview is itself shaped by social and political processes. It remains a challenge to understand the appeal of this outlook to a large section of the British public. But it would be misleading to pin the Brexit vote outcome on the left-behinds alone.

“Our study considers economic and cultural factors as separate proximate correlates of Brexit support in our paper. It is quite possible that they interact with each other if we take a longer view. For example, long-term economic decline might make nationalism or populism more appealing to people. We plan to address this question in a future paper.⁴⁴

3.2 IMMIGRATION AND CITIZENSHIP

One of the most turning points in the United Kingdom's politics was the withdrawal from the European Union (EU), which refers to Brexit. The decision to leave the EU came as a culmination to a decades-old tumultuous relationship and, subsequently, left in its wake, a political imbroglio of considerable proportions. The topic of Brexit has generated a great deal of academic debate and analysis regarding its causes and possible implications. The aim of this article is not to examine the sociopolitical and economic background of Brexit itself, but to focus on the complex interrelationship between immigration and British identity, which can play a decisive role in influencing major political decisions.⁴⁵

Immigration was a critical factor in deciding the referendum's outcome in which the majority of the British public voted in favor of breaking away from the EU. The leader of the UK Independence Party (UKIP), Nigel Farage, stated that immigration would be a prime factor in the referendum campaign, and that EU's asylum policy had 'opened the door to an exodus of biblical proportions'. The European migrant crisis of 2015 precipitated fears of mass immigration and played a part in influencing Brexit.

⁴³Curtice, John. 2017. "Why Leave Won the UK's EU Referendum." *Journal of Common Market Studies* 55 (S1): 19–37.

⁴⁴Curtice, John. 2018. "The Emotional Legacy of Brexit: How Britain Has Become a Country of Remainers and Leavers." National Centre for Social Research Report. <https://whatukthinks.org/eu/wp-content/uploads/2018/10/WUKT-EU-Briefing-Paper-15-Oct-18-Emotional-legacy-paper-final.pdf>

⁴⁵Curtice, John. 2017. "Why Leave Won the UK's EU Referendum." *Journal of Common Market Studies* 55 (S1): 19–37.

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While immigration has always been one of the key issues influencing UK's external policies. The aim of this article is to analyze the multilayered interplay between immigration and British identity and how it can have ramifications for vital political decisions. Such a study would entail certain pertinent questions—why has immigration played such an important role in the contemporary political debate of UK? How is it that despite being a country with a history of immigration, the antipathy toward immigration would become one of the foremost determining factors of the country's political fate? This article aims to examine whether immigration can be perceived as posing a threat to British identity in light of contemporary political developments. It seeks to problematize the issue within a framework of securitization advanced by the Copenhagen School of thought whose proponents include In doing so, it focuses on determining whether prevalent attitudes toward immigration bespeak a sense of threat perception among the British public.⁴⁶

the different immigration trends show that Britain did initially try to facilitate immigration from Commonwealth countries, but these attempts received numerous setbacks in the face of widespread public discontent. The only constant to be noted is the anti-immigration sentiment of the British public who have not favored immigration on a large scale at any point of time. Second, another important point in the case of the UK is the problematic issue of British identity—its weak nature has, in turn, contributed to difficulties in integrating immigrants, particularly those of South Asian origin, a sizeable section of whom have become segregated from mainstream White society.

The failure to integrate immigrants has increased the sense of pessimism among the British public who have become all the more apprehensive of large-scale immigration. Third, there is also the question of Britain's sense of detachment from Europe; a sense of distinctness and 'exceptionalism' has hindered Britain from embracing its European identity. A peculiarity in the case of British identity is that, despite its internal complexity, it still manages to fortify itself against anything perceived as alien; this would explain Britain's problematic relationship with the EU. The same ambivalent British identity, which internally fails to

⁴⁶Curtice, John. 2017. "Why Leave Won the UK's EU Referendum." *Journal of Common Market Studies* 55 (S1): 19–37.

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inspire undivided allegiance, consolidates itself against any perceived external threat and strives to maintain its exclusivity.⁴⁷

Attempted to provide an alternate view of Brexit, using the framework of securitization, advanced by the Copenhagen School. It has sought to examine how immigration became a causal factor in determining the outcome of the referendum and has hypothesized that the antipathy toward immigration may be the product of securitization in the societal sphere, namely of identity. Based on this premise, this study has examined the role of immigration in being perceived as a threat to British identity.⁴⁸

3.2.1 CHANGES IN IMMIGRATION POLICIES

the government has announced a series of measures to reduce immigration. The rise in net migration far above pre-Brexit levels has largely arisen from policy changes on work and student migration made by the government in the past few years. Those policies led to much higher immigration than intended because the government made some classic mistakes in migration policy. Visas were introduced in response to lobbying from interest groups and with a particular purpose but in practice came to be used in a different way to that intended, albeit one that is totally legal under the rules.

Five times in his speech announcing the changes, Home Secretary James Cleverly described what has happened as the result of “abuse” of the system. It is despicable to label migrants as “abusers” of the system when everything they have done is legal under rules set by the government. It is, perhaps, the British government that has abused its responsibility to do due diligence when introducing changes it now seeks to reverse.⁴⁹

What will take far more time to sort out is what Brexit means for migration policy. Voters were polarized and clearly demarcated by age and geography. Remain voters were more likely to be young or from a minority background and living in London and other cities,

⁴⁷Curtice, John. 2018. “The Emotional Legacy of Brexit: How Britain Has Become a Country of Remainers and Leavers.” National Centre for Social Research Report. <https://whatukthinks.org/eu/wp-content/uploads/2018/10/WUKT-EU-Briefing-Paper-15-Oct-18-Emotional-legacy-paper-final.pdf>

⁴⁸Evans, Geoffrey, Heath, Anthony, and Lalljee, Mansur. 1996. “Measuring Left–Right and Libertarian–Authoritarian Values in the British Electorate.” *British Journal of Sociology* 47 (1): 93–112.

⁴⁹Evans, Geoffrey, and Schaffner, Florian. 2019. “Brexit Identity vs. Party Identity.” *Brexit and Public Opinion 2019: UK in a Changing Europe*. <https://ukandeu.ac.uk/wp-content/uploads/2019/01/Public-Opinion-2019-report.pdf>

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while Leave voters were older and dominated in the regions of England and Wales, losing heavily only in Scotland and Northern Ireland. The Brexit campaign, whose leaders will be major players in the post-Cameron government, essentially offered two major pledges: limits on immigration and freedom from Brussels

Analysis of public opinion suggests that immigration is a “state of the nation” issue and that many other concerns are refracted through it. However, the signal in the noise is crystal clear: immigration must be better controlled. Political leadership—and the leading Brexiteers Johnson and Michael Gove are natural centre-right liberals—will have to accommodate this reality.⁵⁰

3.2.2 IMPACT ON CITIZEN'S RIGHTS

The free movement of EU citizens between the EU countries and the United Kingdom ceased when the UK withdrew from the EU’s single market on 31 December 2020. The EU–UK Withdrawal Agreement safeguards the rights of EU citizens who have moved to the UK and, correspondingly, UK citizens who have moved to the EU on 31 December 2020 at the latest

Economists speculated that Brexit would have a damaging impact on the economies of the UK and at least part of the EU27. In particular, there was a broad consensus among economists, and in the economic literature, that Brexit would likely reduce the UK's real per capita income in the medium and long term, and that the Brexit referendum itself would damage the economy. Studies found Brexit-induced uncertainty reduced British GDP, British national income, investment by business, employment and British international trade from June 2016 onwards. A no-deal Brexit will affect ordinary people in many ways.⁵¹

If the value of the pound sterling declines significantly as a result of exiting without an agreement, and major bottlenecks occur in the ports, this may affect the prices of many goods and the possibility of obtaining them in the first place. There are fears that medicines and

⁵⁰Evans, Geoffrey, Heath, Anthony, and Lalljee, Mansur. 1996. “Measuring Left–Right and Libertarian–Authoritarian Values in the British Electorate.” *British Journal of Sociology* 47 (1): 93–112.

⁵¹Evans, Geoffrey, and Schaffner, Florian. 2019. “Brexit Identity vs. Party Identity.” *Brexit and Public Opinion 2019: UK in a Changing Europe*. <https://ukandeu.ac.uk/wp-content/uploads/2019/01/Public-Opinion-2019-report.pdf>

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drugs may become scarce, although the government insists that it has taken the necessary precautions to avoid this.

Most economists and businessmen believe that leaving without an agreement will harm the economy.

For example, the Office of Budget Control - the independent body that monitors public spending in Britain - said that a no-deal Brexit would lead to an economic recession.

But many who support Brexit say it is difficult to accurately predict what will happen. They believe that any economic damage will be temporary and insignificant.

Many British residents of the European Union own property in those countries, and it is likely that they will continue to enjoy this property right. But the problem that should be paid attention to is related to changing inheritance and tax laws.⁵²

There is no doubt that they may take advantage of the weakness of the pound sterling in order to return and invest their money in the real estate market in Britain.

But working in European Union countries may become more complicated, especially if host countries begin demanding that they adhere to more stringent conditions regarding obtaining vacations and establishing new businesses. These people may lose their automatic right to work within European Union countries, and they may be required to obtain what is called a blue card.⁵³

⁵²Evans, Geoffrey, and Tilley, James. 2017. *The New Politics of Class: The Political Exclusion of the British Working Class*. Oxford, UK: Oxford University Press. [10.1093/acprof:oso/9780198755753.001.0001](https://doi.org/10.1093/acprof:oso/9780198755753.001.0001)CrossRefGoogle Scholar

⁵³Green, Donald P., Palmquist, Bradley, and Schickler, Eric. 2004. *Partisan Hearts and Minds: Political Parties and the Social Identities of Voters*. New Haven, CT: Yale University Press. [10.1215/00141801-2004-004](https://doi.org/10.1215/00141801-2004-004)Google Scholar

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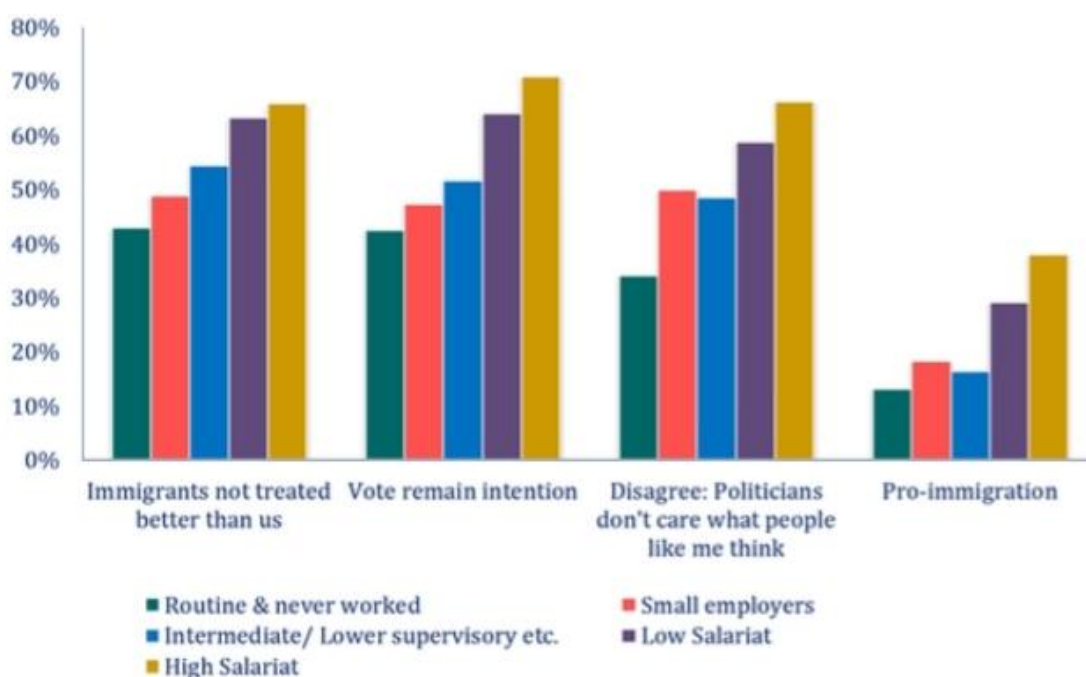
3.3 SOCIAL COHESION

Social cohesion is, after all, rather a nebulous concept (though see the OECD definition here). It is possible to think about it in different ways. Brexit-related beliefs and attitudes, firstly, might be an indicator of cohesion because they reveal the extent to which we are a society divided along socio-economic lines in terms of the way we think. This approach also taps into the idea that our values can play a unifying role. It won't be a surprise to see (in Figure 1) that professionals are more likely to be pro-immigration than the working classes who also feel more of a sense of grievance when comparing how they get treated to the way immigrants are treated.

It was also often suggested by commentators that the vote for Brexit was in part an anti-establishment voice and we see here class differences in the sense of being neglected by the political elites in Westminster. (We don't show it here, but these gradients look similar with income or education which are both strongly related to class).⁵⁴

⁵⁴Evans, Geoffrey, and Tilley, James. 2017. *The New Politics of Class: The Political Exclusion of the British Working Class*. Oxford, UK: Oxford University Press. [10.1093/acprof:oso/9780198755753.001.0001](https://doi.org/10.1093/acprof:oso/9780198755753.001.0001)CrossRefGoogle Scholar

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However, while this is certainly a picture of a society differentiated along class lines, it does not necessarily show a polarized society divided into two camps. The language of “two nations” (remainers/leavers) implies a sharp distinction into two opposing camps but the reality is somewhat different: we do not just see differences between the top and the bottom but gradations in between.⁵⁵

And was Disraeli right to emphasize the lack of intercourse and sympathy between the rich and the poor? A central tenet of recent work in social psychology is that contact between people belonging to different groups will tend to reduce the prejudice that they exhibit towards each other. This idea is more often applied to racial prejudice, but it works on economic inequality too. People are more likely to support redistribution of wealth if their social environment includes poorer people, for example, and we dare say that Brexit would

⁵⁵Groenendyk, Eric, Kimbrough, Erik, and Pickup, Mark. 2022. “How Norms Shape the Nature of Belief Systems in Mass Publics.” *American Journal of Political Science*. <https://doi.org/10.1111/ajps.12717>. Google Scholar

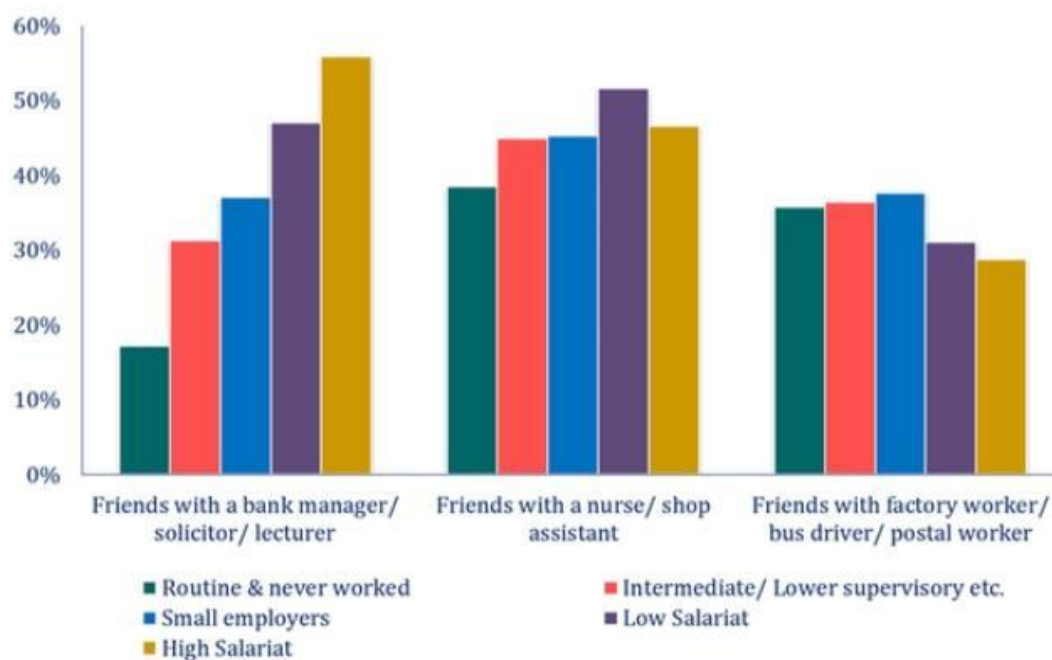
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feel less divided if people's social networks contained a more even mix of leavers and remainers.⁵⁶

This is the second way we can try to measure social cohesion. Figure 2 shows that these 'bridging' or 'long distance' friendships crossing class lines are relatively rare in contemporary Britain; less than 20 per cent of routine workers have a friend who is a bank manager, solicitor or lecturer, for example, whereas over 50 per cent of people in the professional or managerial class have such a friend. Short-distance contacts, on the other hand, are more common. There is very little difference, as we move up the class hierarchy, in the chances of having a friend who is a nurse or shop assistant. It follows that such intermediate occupations can serve to bridge the class divide. Socially, Britain is not divided into two

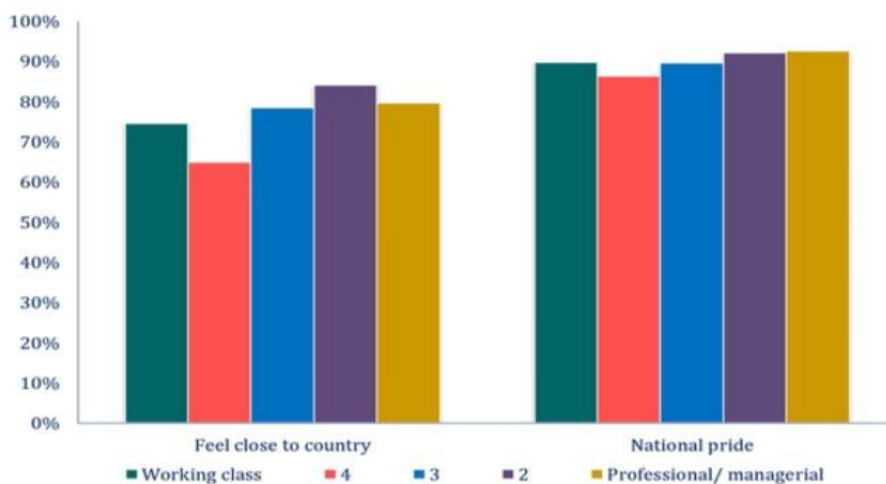
⁵⁶Heath, Anthony, Evans, Geoffrey, and Martin, Jean. 1994. "The Measurement of Core Beliefs and Values: The Development of Balanced Socialist/Laissez Faire and Libertarian/Authoritarian Scales." *British Journal of Political Science* 24 (1): 115

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Another way of thinking about social cohesion is in terms of a shared identity which can be a source of ‘social glue’ promoting a sense of responsibility to one’s fellow-citizens. To be sure, nationalism can also be a source of insider/outsider distinctions too and some



scholars have⁵⁸

linked nationalistic feelings to anti-immigrant dispositions. But whatever you think of it, it’s clear that the socio-economic differences which were so evident in the case of Brexit attitudes and social ties are very much reduced here (see Figure 5).⁵⁹

We do not have good long-term data on all these aspects of cohesion but we do have enough to obtain a reasonably clear indication on some of our measures. In Figure 4 we can see that it is far from a new phenomenon for people in lower socioeconomic positions to feel neglected by Westminster and the class divide in attitudes towards immigration and Europe were

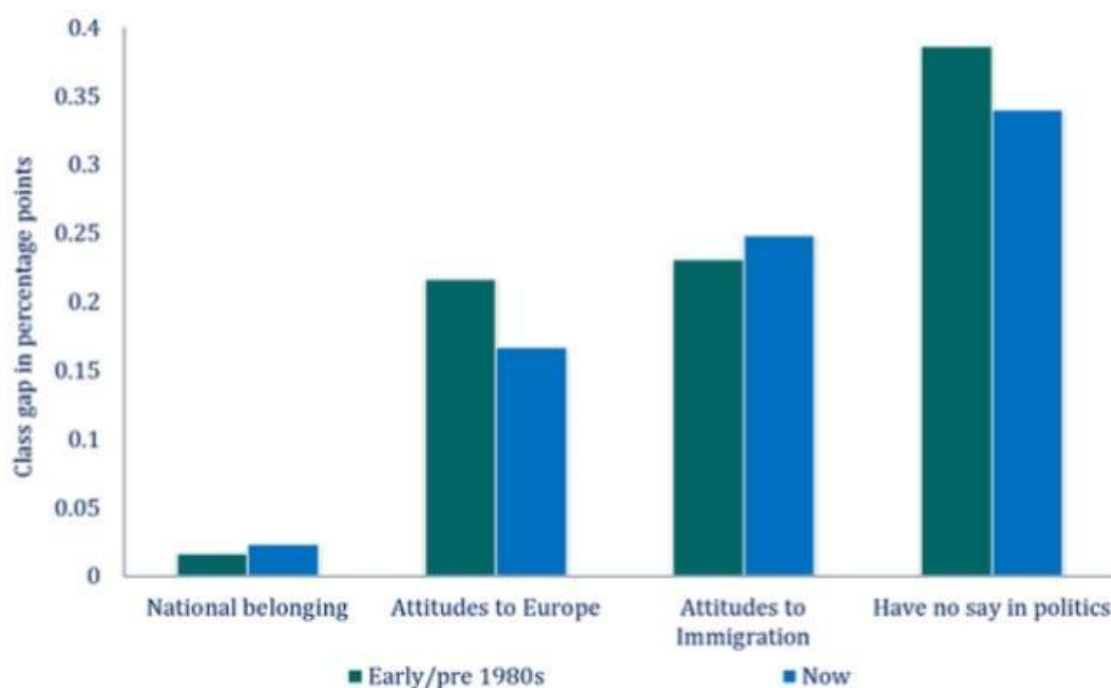
Policy 23 (9): 1259

⁵⁸Heath, Anthony, Evans, Geoffrey, and Martin, Jean. 1994. “The Measurement of Core Beliefs and Values: The Development of Balanced Socialist/Laissez Faire and Libertarian/Authoritarian Scales.” *British Journal of Political Science* 24 (1): 115

⁵⁹Heath, Anthony, Evans, Geoffrey, and Martin, Jean. 1994. “The Measurement of Core Beliefs and Values: The Development of Balanced Socialist/Laissez Faire and Libertarian/Authoritarian Scales.” *British Journal of Political Science* 24 (1): 115

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already present long before economic inequality began to rise (and long before Brexit was a word).⁶⁰



We do not want to draw overly strong conclusions about the extent of change, but there can be no doubt that the highest and lowest strata in Britain were pretty divided in these respects forty years ago. The Brexit question probably did bring old divisions bubbling up to the surface. The increasing economic inequality of the 1980s may have made matters worse, but we should not romanticize the pre-Thatcher era. We should also not over-estimate the extent of divisions in British society – class clearly matters, but we are not quite “two nations”.⁶¹

⁶⁰Hobolt, Sara B., and Rodon, Toni. 2020. “Cross-Cutting Issues and Electoral Choice: EU Issue Voting in the Aftermath of the Brexit Referendum.” *Journal of European Public Policy* 27 (2): 227

⁶¹SurrIDGE, Paula. 2018. “Brexit, British Politics, and the Left–Right Divide.” *Political Insight* 9 (4): 4

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3.3.1 EFFECTS ON COMMUNITIES AND SOCIAL RELATIONS

A social and equality assessment is valuable because Brexit will bring major, long-term, systemic changes to Scotland. Brexit also continues to bring confusion and uncertainty about the future of the UK, and how leaving the EU might affect the lives of the UK's inhabitants. It is highly likely that vulnerable groups will be affected, and that unintended and unforeseen consequences will ensue.

Effects of Brexit to date include impacts on community relations, the labour market, representational impacts, legislative impacts, immigration uncertainty and mental health and wellbeing impacts.

Potential impacts include: loss of rights, economic and public services impacts, increase in hate crime, immigration and labour market impacts, and the potential for further dilution of equalities rights and protections.⁶²

⁶²Tajfel, Henri. 1978. "Social Categorization, Social Identity, and Social Comparisons." In *Differentiation Between Social Groups*, ed. Tajfel, Henri, 61–76. London: Academic Press. [Google Scholar](#)

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3.4 EDUCATION AND RESEARCH

Despite chronic under-funding and a relatively high level of student tuition charges, higher education and the associated science sector are UK success stories. However, all of the

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above data on UK higher education and research freeze-frame a moving target. This might lead to complacency about stable power, but none of it – the student intake, especially from international sources, the volume of high citation research and the pattern of research partnerships, or the total economic contribution of the sector – is fixed in stone. All of these outcomes derive from a complex policy context and ever-changing patterns of internal capacity, opportunity and incentive, in which the UK's links with higher education and science in Europe have been formative and until 2016 were increasingly central.⁶³

The trajectory of UK higher education and research was and is highly vulnerable to Brexit, with negative effects that were widely predicted in 2016 and are now becoming apparent.⁶⁴

Because of a relatively high level of active integration into Europe, especially in research, with 17 per cent of academic staff being non-UK EU citizens, and with students like many other young people strongly favouring EU membership, the sector has been closely identified with the Remain camp. This may have compounded its post-Brexit policy problems. Protecting higher education and science from the effects of Brexit has not been a high priority for a government determined to get Brexit done without acknowledging the downsides or reconciling its critics. Nor has the government done much to build global opportunities beyond Europe for UK higher education institutions and researchers. UK higher education has long been well connected internationally but as yet there is little evidence of positive growth into post-EU portfolios of activity, let alone a new strategy.

The main domains in which Brexit has played out specifically in higher education since 2016 are the enrolment of EU citizen students in UK degree courses; patterns of student mobility in both directions through the EU's flagship Erasmus+ and parallel UK-based schemes; and research funding and collaboration, primarily through the EU's large-scale Horizon programme, which historically has been associated not only with funding and projects but with the entry into UK of significant numbers of EU-citizen researchers. EU

⁶³Tilley, James. 2005. "Libertarian–Authoritarian Value Change in Britain, 1974–2001." *Political Studies* 53 (2): 442

⁶⁴Tilley, James, and Hobolt, Sara B.. 2023a. "Losers' Consent and Emotions in the Aftermath of the Brexit Referendum." *West European Politics*.

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citizen movement into UK university employment was much facilitated by the free movement of labour within the EU. Each of these domains is now discussed.⁶⁵

3.4.1 IMPACT ON ACADEMIC COLLABORATION AND FUNDING

The UK's participation in European research collaborations has been crucial for advancing knowledge and fostering innovation. Brexit has introduced challenges to such collaborations, as access to funding, research facilities, and cross-border partnerships are no longer as seamless. While the UK government has expressed intentions to create alternative funding mechanisms, the loss of integrated European research networks could slow down progress in various scientific fields.

Brexit has implications for academic staff as well. Many UK universities have benefitted from the expertise of EU nationals who contribute to teaching, research, and university administration. Changes in immigration policies, work visas, and the overall atmosphere may influence the willingness of European academics to continue their contributions in the UK, affecting the diversity and quality of the academic workforce.

Brexit has set in motion a series of changes that ripple through the higher education landscape in the UK. The loss of EU funding, alterations in student mobility, and shifts in academic collaborations have created both challenges and opportunities for universities and students alike. The path ahead demands adaptability, resilience, and a commitment to maintaining the UK's status as a world-class destination for higher education. While the long-term impacts are still unfolding, one thing is certain: the pursuit of knowledge, innovation, and global understanding will persist, regardless of the changing tides of politics and policy.⁶⁶

Finance Minister George Osborne warned of a recession while the Bank of England said a "significant slowdown" could result from Brexit.

Bank Governor Mark Carney said that the country's economy may enter into a contraction over the course of two quarters, and credit rating agencies confirmed that the

⁶⁵BBC. (2017). What are the key issues for the Brexit negotiations? BBC, March 29.<https://www.bbc.com/news/uk-39196315>

⁶⁶BEIS (Department for Business, Energy and Industrial Strategy). (2022). Government extends Horizon Europe financial safety net, 19 December.<https://www.gov.uk/government/news/government-extends-horizon-europe-financial-safety-net-2>

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expected slowdown in growth following the vote has a negative impact on the country's credit rating.

A small group of pro-Brexit economists said that leaving the European Union would boost growth in the coming years, although at least one of them expected a slight decline initially.

Export companies are finding support in the fall in the pound sterling, which has fallen to its lowest levels against the dollar since 1985, although demand in many countries of the world is still weak.⁶⁷

The Organization for Economic Co-operation and Development and the International Monetary Fund said that Britain's exit from the European Union would harm the remaining member states of the European Union and affect other countries outside it.

The organization stated that if the United Kingdom leaves the European Union, the union's production excluding Britain will be about 1% lower by 2020 than it would have been if it remained. The Organization for Economic Co-operation and Development also said that a greater economic decline may occur if Britain's exit undermines confidence in the future of the European Union, which is a scenario that does not apply. Includes her expectations.⁶⁸

CONCLUSION

Brexit referendum left Britain a politically divided country. Previous research has shown that Leavers and Remainers became new political identities that were stable over time and strongly held, even after Britain left the EU. Six years later, these identities have weakened somewhat, primarily due to a reduction in the number of Leavers, but both identities continue to survive in post-Brexit Britain. Furthermore, our study shows that these new identities are associated with policy norms that go beyond views on European integration. Leavers and Remainers are clearly on opposite sides of the cultural dimension. In fact, people

⁶⁷Brennan, J., Locke, W., & Naidoo, R. (2007). United Kingdom: An increasingly differentiated profession. In W. Locke, & U. Teichler (Eds.), *The changing conditions for academic work and career in selected countries* (pp. 163–176). International Centre for Higher Education Research. Werkstattberichte series.

⁶⁸Breschi, S., Cassi, L., Malerba, V., & Vonortas, N. (2009). Networked research: European policy intervention in ICTs. *Technology Analysis & Strategic Management*, 21(7), 833–857.

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are not only aware of these differences among Leavers and Remainers; they also appear to align themselves with the preferences of their in-group. This helps to explain why Brexit identities have been so stable and strongly held even in the absence of clear partisan cues.

GENERAL CONCLUSION

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The UK's departure from the European Union has significantly impacted national identity and unity in post-Brexit UK. The ongoing Brexit process has prompted various adjustments and adaptations, creating a critical juncture that is still evolving. Despite the numerous challenges, the British elite remain convinced that the UK can maintain a leading international role. Brexit has raised questions about the UK's global role, identity, unity, and partnerships, both domestically and internationally.

For instance, Brexit has affected Northern Ireland and Irish-UK relations, posing challenges to the core principles of the Good Friday Agreement. The Johnson Administration's approach to Brexit may conflict with the provisions of the GFA, potentially leading to contradictions and ambiguities in Northern Ireland's politics. Consequently, Northern Ireland's future remains uncertain, with risks of political instability and sectarian tensions resurfacing. Nationalism and Unionism face challenges in their relationships with other entities, such as the Republic of Ireland and England. As Brexit exacerbates identity conflicts, rethinking and updating peace settlements becomes increasingly complex.

Brexit's implications continue to develop, influencing various aspects of international relations. It has been a critical juncture for the UK, triggering processes that have reshaped its identity, international relations, trade, and global status. Brexit has raised questions about European identification, with some individuals maintaining a strong European identity while others experience a shift in their identification with the EU. Politically, Brexit has led to some role adaptation but also significant disappointment. Despite policies favoring a more isolated role, British policymakers have not yet reconsidered their ambition to play a leading global role.

Overall, Brexit has introduced uncertainty and instability across various aspects of UK society and politics. The future relationship with the EU remains unclear, as does its impact on national sovereignty and nationhood. Policymakers must navigate these challenges carefully, addressing concerns about unity, identity, and the UK's place in the world, while ensuring that nationalism does not devolve into isolationism.

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