

# **BREXIT: Causes and Long Term Implications**

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## **Abstract**

*Presently, it is crucial to assess both the rationales for the United Kingdom's exit from the European Union and its continued membership. It is comprehensible that regions of the United Kingdom with the highest immigrant populations, the highest proportion of residents aged 65 and older, and the lowest levels of education might have supported BREXIT. The majority voted to remain in the EU was in Scotland, while the majority voted to leave was in Northern Ireland, London, and Provincial England. In the end, the matter concerns immigration and the dearth of employment prospects for the indigenous population of Great Britain. The purpose of this article is to examine the trend of the "vote to leave" movement in the United Kingdom through the lens of immigration issues and its correlation with poverty. Additionally, it is crucial to comprehend its long-term ramifications.*

**Key Words:** Immigration, BREXIT

## **Introduction**

The 2016 political and economic unrest in the United Kingdom had worldwide repercussions. Amid intense deliberation, the United Kingdom (UK), renowned for its robust institutions and inclusive society, opted to withdraw from the European Union (EU). Political unpredictability and market instability resulted from the June 23 exit decision, exacerbated by the reluctance of Scotland and Northern Ireland. The unrest had an impact on global financial markets, with banking equities being particularly affected. The voting patterns revealed divisions among proponents of referendums in the United Kingdom and other nations. By examining election outcomes, motivations, and statistical analysis, this study seeks to comprehend why electors desired to withdraw from the EU. Also considered is the existing literature on the effects of immigration on wages and employment in the United Kingdom.

Predicting the results' proximity was considered an unforeseeable uncertainty prior to the election. Notwithstanding the surge in support for remaining that was observed in Financial Times polls preceding the election, there seemed to be a transition towards support for remaining in the days immediately preceding the referendum. The percentage of voters who supported the Leave campaign in the referendum fell from 50.6% on

June 17 to 48.3% on the eve of the vote. In the pre-voting period, the strengthening of the sterling exchange rate appeared to indicate that the currency markets anticipated a victory for the remain camp. However, with 17,410,742 votes, or 51.9% of the total, the exit side emerged victorious, whereas 48.1% of the vote, or 16,141,241, supported remaining in the E.U. Northern Ireland exhibited a comparable trend (Bullock, 2016).

Conversely, a minority in Wales supported withdrawal, albeit by a slim margin. Almost equal support was shown for both parties in East Wales. The principal locus of the decision to withdraw from the E.U. was England, with the exception of London. The leave camp achieved triumph in every district with the exception of Berkshire, Buckinghamshire, and Oxfordshire, where the remain camp maintained a significant advantage; Bristol, Wiltshire, and Gloucestershire, where the majority supported remaining; Merseyside, where the majority was once again marginal; and Surrey, East Sussex, and West Sussex, where the majority was similarly narrow. The areas encircling London stood out as conspicuous anomalies within this pattern. Regions that flourished throughout the industrial revolution but experienced decline as a result of globalization in the late 19th and early 20th centuries exhibited substantial backing for the withdrawal (Bolton, 1996).

With a leave vote of approximately 65%, Lincolnshire, a region historically recognized for its thriving engineering sector, failed to qualify. Similarly, in Yorkshire, areas historically affiliated with the coal and iron ore industries, including the textile and steel sectors centered around Sheffield, secured 65% of the vote in the East and 61.56% in the South. Shropshire, which is home to the iconic Ironbridge Gorge, the birthplace of the Industrial Revolution, also had a leave vote of 62.53%. Lastly, Staffordshire, These areas have experienced a consistent downward trend in comparison to the prosperous conditions observed in London and the South East during the previous century (Bullock, 2016).

This specific trend, however, is not observed in Scotland or Northern Ireland. Scotland, whose robust shipbuilding and steel industries, in addition to its linen and wool production, contributed to economic expansion during the industrial revolution, cast its vote in favor of maintaining membership in the European Union. In a similar vein, Northern Ireland electors, who were profoundly affected by the industrial revolution in Belfast, supported membership in the EU (Bolton, 1996). In recent years, regions that opted to remain in the EU have flourished on the whole. London, particularly in the financial services industry, and Liverpool in Merseyside, albeit to a lesser extent, have both experienced consistent expansion. Additional English counties that advocated for continued membership in the European Union encompassed Berkshire, Buckinghamshire, Oxfordshire, Bristol, and its environs. Bristol has experienced significant expansion in the financial services and IT industries, which have supplanted the declining manufacturing sector. Oxford is fortunate to have a burgeoning high-tech sector and a reservoir of exceptionally educated university alumni. Situated on the periphery of London, Buckinghamshire predominantly utilizes the labor market of the capital, whereas Berkshire, which encompasses Reading, serves as the domicile for a multitude of foreign multinational corporations. A comparable assessment

can be made of Surrey, which in addition to housing a multitude of organization and business headquarters, provides an overall superior standard of living.

### **Reasons for leaving and remaining**

In the following analysis, we shall scrutinize the possible justifications that guided the discussion preceding the referendum regarding whether to exit or remain a member of the European Union. The arguments presented by advocates of departure centered on matters pertaining to migration and the sovereignty of individual nations. The argument put forth was that the preponderance of European legislation over British legislation, which the European Court of Justice had established, was deemed objectionable. Furthermore, a related issue concerns the United Kingdom's difficulty in containing the influx of immigration from other European Union member states. Preserving access to the unified European marketplace for commodities, services, and finances appears to be one of the objectives of the faction advocating for withdrawal. This would protect the financial district and industrial sectors while reducing the influx of migrants, the majority of whom originate from Eastern European countries (Devlin, 2014).

Advocates of maintaining membership in the European Union based their case on the claim that unimpeded migration was an essential component of the four freedoms that define the Single Market, as outlined in the 1993 Treaty of Maastricht. It was improbable that the remaining 27 member states of the European Union would grant the United Kingdom permission to withdraw from any of the four markets. This would have allowed the country to continue participating in the common market for capital, services, and commodities, but would have precluded it from engaging in the common labor market. Moreover, as a condition of joining the Single Market through the European Economic Area, the United Kingdom was obligated to abide by EU regulations regulating the Single Market, albeit without having any say in their formulation. Additionally, the UK was required to make annual financial contributions to the European Union. As a result, the decision to withdraw from the European Union was regarded as devoid of advantages and as an increase in doubts concerning forthcoming trade agreements; this could potentially result in diminished levels of investment, employment prospects, and economic expansion. These arguments may be examined in the context of the body of literature concerning the optimal magnitude of countries. Alesina and Spolaore (1997) argue that the magnitude of a nation influences economies of scale, whereby expanding the nation's reach reduces the per capita fixed costs associated with establishing governmental organizations, implementing laws and regulations, operating public services, and accessing a wider market in the absence of international trade. On the contrary, increasing the size of a nation can lead to increased cultural and ethnic diversity, which can pose challenges for the government in fulfilling the needs of various groups in terms of products and services. Nevertheless, EU membership affects the intricacies of this compromise, as unrestricted trade undermines the benefits of smaller nations' size by granting access to larger

markets and economic integration without the need for political integration. In recent years, according to Gancia et al. (2016), the reaction to globalization has been to transcend national boundaries by forming economic unions; this has led to a decline in the size of nations. Each member state is obligated to comply with the common rules and regulations that govern the Single Market, as established by the EU (Devlin, 2014).

Within the context of the Brexit discourse, the United Kingdom's participation in the European Union and the Single Market has granted it access to a vast market while preserving its political independence, a position supported by the pro-remain faction (Salaheen, 2018). This holds particular significance for Scotland, given its population of around 5 million and its ambitions regarding forthcoming self-governance. On the contrary, the leave campaign contends that the regulations of the Single Market disproportionately encroach upon the sovereignty of the United Kingdom and its ability to respond to the needs of its citizens, specifically with regard to immigration. From this perspective, the decision of the English regions to withdraw from the European Union can be explained by the varying attitudes of their inhabitants towards immigration or by the relatively high levels of immigration they encountered in comparison to other areas (Hotelling, 1936).

### **Values, the Economy and the BREXIT vote**

The voting pattern reveals regional economic disparities in the United Kingdom. In comparison to the South and London, Northern Ireland, Scotland, and Northern England have experienced a decline. 1980s saw the decline of manufacturing in Scotland. The thriving economies of vibrant London and the South could potentially account for disparities in voting patterns. High-income workers in London may have less concern for immigration and trade than low-income workers in the North. Regional levels of per capita output and unemployment rates will be utilized to examine the impact on voting patterns. Thereafter, empirical evidence regarding the effects of immigration will be examined (Hotelling, 1936).

In recent years, migration levels may have accounted for patterns of leave voting. The majority of the economic recovery following the 2008 financial crisis was aided by migrants in London and the South East. From 2009 to 2014, London and the South East contributed more than half of the growth. Low correlation exists between the development of London and that of other English regions. In 2014, 5% of the population, or 3 million residents, were citizens of another E.U. country. Despite this, employment rates for those born in the United Kingdom were high, indicating that migration had no deleterious effect. Voting may be influenced by variations in the age profiles of districts' populations (Nickell, 2015). Explanatory variables take into account the proportion of age groups 65 and older. Older generations may cast their votes on the basis of pre-1973 E.U. entry nostalgia or knowledge. In addition, their voting percentage is higher than that of newer generations. A portion of the populace that has not completed secondary education may initially be concerned about an influx of immigrants,

particularly from Eastern Europe. Based on the evidence, low-educated laborers are fearful of immigration. Secondly, differences in district values and attitudes may hinder the capacity to assimilate immigrants. Regional variations in values and attitudes toward E.U. expansion, immigration, and political power distribution are possible. Furthermore, value differences persist irrespective of socioeconomic status, level of education, or age demographics. Included are responses from the European Values Study concerning attitudes toward immigrants, the impact of immigrants on society, the European Union, the acceptance of new member states, and new immigrants from developing nations.

## **Conclusion**

Age, education, and income influence the voting pattern in the referendum; elderly and less educated individuals are more likely to support Brexit on account of their lower per capita income. In addition to voting patterns, attitudes toward immigrants, perceptions of the hazards immigrants pose, and sentiments toward the EU are all affected by these variables. The desire of less educated individuals to exit the EU may be motivated by apprehensions regarding immigration and free trade. The complex reasons why elderly people wish to depart the EU may be associated with nostalgia or recollections of life before the EU. Per capita GDP suggests that poor income motivates change, but economic history demonstrates that EU membership does not directly correlate with provincial poverty. Possible explanation for Scotland's decision to remain in the EU: leaders may have prioritised membership in order to secure future independence and possibly outsource state functions. Outsourcing may be required to cover the expenses associated with independence, and Scotland may perceive England as more intrusive than the European Union. Economic integration permits small groups to establish homogeneous political entities and gain access to a larger market, according to Alesina et al. (2000).

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