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**ESSAY**

***“Brexit and Globalization”***

Course: Challenges of Globalization

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## 1. What is globalization: a definition from a personal point of view.

The term globalism has always been encountered, and more or less everyone has a concept about it. Although it became popular as a term in the 1990s after the Cold War, it has existed even before. We can say that it began with European colonization, with the Silk Road, the invention of the telegraph and the construction of railroads. With the existence of these things began the movement of people in different countries. And of course, people carried with them in these pilgrimages a culture of their own or products that were produced only in one particular place. The information began to cross the seas and oceans easily and to me, all this is the essence of globalization. Free movement of goods. When a product goes to different parts of the world and is accessed by a great mass of people, we are dealing with globalization. We also deal with globalization when certain elements of ideas, traditions or cultures are propagated, recognized and assimilated by people in different countries. Every type of globalization, whether social, economic or political, has encountered their difficulties and brought innovation to the way our world works today. There have even been moments in world's history, where globalization as a phenomenon has fallen silent. Such shocks were the first world war followed by post-war protectionism, the Great Depression and the second world war. However, the desire and need for inclusiveness have made this concept a powerful force to recapture the world today, especially economically. And of course, this powerful revival of globalization comes with its risks. Dependent on each other already in an inextricable network, an economic downturn in one country would create what is often called the domino effect, bringing economic and social damage to all other countries. This political, economic and social interconnection is nowadays brought to the attention because of the consequences that may have in the case of union decision-making.

Let us consider the European Union. The European Union with all the actions taken has given a boost to the globalization of the economy. 28 member states have unified their currency as well as many other policies that ensure a more authoritative presence of these countries in the global marketplace. With a joint parliament, every decision a state makes is carefully scrutinized as it can affect the well-being of the entire union. Brexit was also carefully considered. Today we are very familiar with this term as it has been around for a while.

## 2. What is Brexit?

Practically Brexit implies British exit from the European Union. The United Kingdom has always been a little skeptical about its total integration into the eurozone. In addition to economic and political homogenization, the same regulation for foreigners and a common currency, European Union member states appear to have one other thing in common. They have to pay the money that go into the union budget and many other obligations for which the United Kingdom has a skeptical mind. In fact, in the 1980s the United Kingdom negotiated to reduce its contribution from 20% to 12%. Questions and referendums like—Should the United Kingdom

stay in the European Union?—have existed since 1975. That year 67% of the votes were positive. Years later, a referendum on 23 June 2016 resulted in other percentages. 51.8% voted in favour of Brexit. And here began the difficult and lengthy process of a divorce that continued to be delayed and that like any other divorce needed a settlement and a plan to please the parties.

## 2.1 The ex-post situation after voting pro Brexit.

When the results of the referendum were taken and it was noticed that the UK was suddenly divided in the way its citizens thought, many were surprised. The 17,410,742 citizens who voted to leave began to get located and be interviewed about why they voted so. Numerous studies have begun to address this social phenomenon, which has raised many other issues. The Pandora's box had been opened and the island state was facing the grievances of citizens tired of economic hardship. After the referendum ended, many local television stations conducted interviews with citizens who argued, why they wanted to leave the EU. As it was the most controversial situation and the largest decision made since World War II, many social studies began to be made. Most of the people who voted pro-Brexit were people of old age, not well educated, or living in poverty and had not benefited much from the socio-economic compensations the state provided. According to a poll by Tory peer Lord Ashcroft, these people were not big supporters of a global Britain where multiculturalism existed. The regions that had the highest number of votes in favour of leaving the EU were: North East, Yorkshire & the Humber, Wales, East Midlands, West Midlands, South West, East of England, South East etc. But the city that most loved Brexit turned out to be Boston, a town and small port in Lincolnshire, on the east coast of England. What was noticed was an economic-political polarization between provincial and cosmopolitan areas.

## 2.2 Is a pro-Brexit vote, a vote against globalization? What is the connection between these two phenomena?

The main reasons why the British are leaving are believed to be related to the globalization this country had. The distributive consequences of globalization, driven by new technologies and manifested in flows of goods, services, capital and people, have long been foreseen (Coyle 1997). And what has been at the heart of the argument about why they should leave the EU has been precisely the free movement of people and the subsequent migration crisis. Many citizens of places like Boston, displaying some mild racism, saying people from eastern Europe have taken their jobs, making it harder to find a job or a home. Wages have not seen a steady increase since 1997 as rental prices have risen. Aside from the economic context, another problem that pro-Brexit voters put forward is that such overpopulation also brings problems with the National Health Service (NHS). Many people seek health services by making the queues longer and waiting times for medical consultations to go up to 1 year. Taking control again is a very used sentence from the Leave campaign that looks at the skepticism of the free movement of goods and services. Many perceived international trade not as an opportunity to sell to foreign markets but rather as unwelcome competition threatening their jobs and livelihoods.

For some, Brexit is a symptom of government mismanagement of the distribution of income and services properly in modern and global Britain. But how much Brexit could be worth a solution to this problem is not yet known.

### 3. What effect will Brexit have on globalization? What could happen after Brexit? The future of globalization.

By choosing the option pro-Brexit, people are showing that they prefer to go back to their corner and have absolute independence. Many scholars have said that this referendum was an opportunity to offset the grievances of those left behind. And among these, there were those who thought that globalism was a centralized ideology in the interests of a narrow category of people. Globalization for other categories of people has largely led to unemployment as a result of the closure of many industrial centers such as the iron and steel industry that used to be very developed in the UK. But then, China started producing iron at a lower cost and so iron was imported rather than produced. This kind of globalization served those who owned construction companies but not those who worked in the industry. The only thing that was brought was unemployment. If we look at this prism it is normal and understandable for the reaction to be such, although leaving the EU is an experiment whose outcome is unknown. Nevertheless, one important question that can be raised at these moments is: Is a pro-Brexit vote a vote against globalization?

Globalization means more employment opportunities, which have not been present in the neglected areas of the UK. It means more homes that are built at lower costs, an idea that runs counter to rising rent.

Exit alone shows disintegration, which certainly embeds globalism in some contexts. We know that in the globalization age, the main idea was to have a more integrated and united Europe that would collectively serve as the bulwark that nation-states could not provide it any longer. Britain, France, Germany, Spain or Italy could not individually resist the power of trans-national capital, but the EU with all countries together could potentially. With the UK's emergence, which is one of the biggest forces, things will no longer be the same and it even seems that this move is justified at some extent. Unemployment in the eurozone is more than 10% and economies of countries like Italy are not growing the same size as they once were.

If we go back in time, we will notice that there has always been a Euro-skepticism. In the words of Winston Churchill: 'We are with Europe but not of it. We are linked but not included. We are interested and associated, but not absorbed'. It seems that what the UK is trying to do is go back to this idea. It is true that the UK kept its currency and always looked at European reforms very carefully but ultimately operated in a single market, with a similar banking system and consequently the same policies. From my point of view, Brexit is a vote against the toxic and

centralized globalization that has swept Europe today. London is the only city that has truly embraced globalism in all its contexts, but what about other completely deindustrialized places like the Midlands and North of England? I see their vote to leave not as a vote against globalization, but as a vote for a new and more inclusive vision of globalization. The link between Brexit and globalization is certainly undeniable, very strong, and both of these phenomena are cause-and-effect consequences of each other. That's why this removal process is so complicated because the liaison is strong. For the micro and macroeconomic effects to be as minimal as possible, it is necessary to create a detailed plan that will be implemented over an extended period of time and perhaps bring about new development on globalization as we know it today.

What effect Brexit will have on globalization depends largely on the plan that will accompany the British exit at the end of this month. We cannot say if it will have completely positive or negative effects, in fact, we would be mistaken if we claimed that we could accurately predict the outcome of this historic outing. Globalization itself is a beneficial phenomenon as much as a destructive one, a complex movement that contains in itself an economic and social disorder. This frenzy and uncertainty will intensify with Brexit.

One thing we can say for certain is that the UK's non-existence in the European Union will not mark the end of globalization's existence. However, according to experts, there will be some uncertainty about the investment. Of course, leaving the union would bring back tax and regulatory arbitrages, and trade is the first to be affected. This will also be felt by someone from just ordering something on Amazon. International policies will be difficult to harmonize and coordinate.

Many politicians support the idea that if the UK were to disrupt trade relations and negotiations with the EU this would be a giant step backwards. And in fact, immediately after the referendum, there was a huge fluctuation of the pound which fell to its lowest value in 31 years, at \$ 1.33 from what it was over \$ 1.50. Stocks fell sharply on the Continent and in Japan than in the UK, reflecting the fears of a global downturn.

Globalization, on the other hand, has helped developing countries such as China grow by leaps and bounds due to investments made by British companies in those areas. However, Britain's poor areas have been forgotten. A return to investment in the UK would change the situation, and would likely lessen the effects of globalization, though it would slow them down. The fact that the British want to focus on their country's economic policies does not mean that they will not take steps to further globalization. Leaving the EU could serve to pave the way for new developments that would lead to negotiations on a UK bilateral agreement with other countries. This means new economic, human and cultural exchanges. Maybe a new wave of globalization. This would bring great independence to the global economy only if things were properly managed. Otherwise, it would be an economic suicide that would deepen social problems in the country. After all, although it will change its strategic position, the geographical position remains

the same. The UK will remain a state of the European continent, closer to its European neighbours than to any other country in the world. The contradictions in foreign policy that are already different and not unified with those of the union would bring clashes and tension.

#### 4. The Brexit process and the future of the other European Union countries.

What is known is that the UK and all international policies will undergo an 11 month transition period. Some experts say that this amount of time is insufficient to review legislation on trade and create a well-implemented vision. However, in the meantime, the UK will continue to be part of the single market which means that trading will continue as always. This creates limitations and a lack of space to look at other world trade networks and makes it difficult to create a new agreement that ensures the growth of the global economy. Also, the UK still has to obey the rules set by the union but on the other hand, it cannot have a representation in parliament or be present in other decision-making. This certainly puts the UK in a difficult position. Moreover, by the end of 2020, the UK should have finalized such issues related to immigration and the laws that it will apply. So we can say with confidence that this year will be crucial to what we recognize today as globalism in all its aspects. The uncertainty and fear are so great because the UK has for years been contributing to European and world economic networks. Minor changes would bring a disturbance to the balances set.

It is precisely these uncertainties that prevent other union countries from making such Brexit-like decisions. However, the idea existed even a few years ago when nationalist parties in France demanded it, followed by similar political forces requiring the same for Germany or Italy. We can say that the enormous effect that Brexit would have on the EU and globalization as a whole would be if other Union countries followed suit. This would bring about a complete economic, social fall and collapse of the system that has been up and running for decades. At the moment, this is very unlikely to happen because just last year a survey conducted showed that 67% of Europeans believed that their state benefited from staying in the union. This is the highest number reached in 35 years. Citizens, who believe in the existence of a union that covers the economic, political and social spheres constitute a society that believes and also wants globalism for the benefits it brings.

The plan for a possible exit has been left out of all states, currently part of the union, because they like cheap and simple movements in various countries for both business and tourist reasons, and value freedom and economic power that this union offers and makes it possible for them to cope with other forces like the US. However, as 2020 will be an experimental year in terms of leaving the union, I think all other countries will make specific balances to decide for their best.

#### 5. Conclusions

Globalization and the movement of people, therefore, migration may change direction after the UK leaves the EU. If it tightens immigration laws and rules, it does not mean that the free

movement of people will cease to exist. On the contrary, it can be relocated to other European countries by increasing the number of citizens in one country and placing these states in the former position of the UK. On the other hand, by excluding the possibility of completely free trade with the UK, the chances of another country being a protagonist in the European and global markets may increase. So, it all depends on what the UK experience with Brexit will show.

Finally, considering all of the above, we should be aware that major changes await us and that there are places for improvement. Brexit can cause many companies to leave their branches in the UK and cause a huge loss of jobs. Remember that it was precisely an important issue with very high costs. Notwithstanding all difficulties that the union may overcome, we must not lose hope that after this great tide, a fairer vision of globalization will arise and the distribution of the benefits it will bring will be done correctly.

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