



**THE 2016 BREXIT VOTE: IMPLICATIONS FOR THE  
GBP, THE EURO, AND FDI IN THE UNITED KINGDOM  
AND EUROPE FROM AN ECONOMIC AND INDIVIDUAL  
PERSPECTIVE**

**MELISSA SORTO**

**TEMPLE UNIVERSITY**

**[melissa.sorto@temple.edu](mailto:melissa.sorto@temple.edu)**

### **Abstract**

This paper examines the passage of the Brexit Referendum in the United Kingdom and its immediate aftermath. Notable events that have occurred in the economic, political, societal and legal areas of British life between 2016 and 2018 will be analyzed and explained in an integrated matter to understand the scope of changes produced by the Brexit referendum.

## **Introduction**

On June 23<sup>rd</sup> 2016, a historic moment occurred in Europe. In a nationwide referendum, Britain voted to leave the European Union. There were many factors leading to such a drastic vote and a lot of questions. Why was the referendum called? Who called it in the first place? How did so few people foresee the outcome? What happens next? To truly understand this event, one must study Britain's history and key players of the ongoing Brexit drama. To provide a good analysis of this event, this paper will focus on the period between January 2016 and January 2018, with some essential background on Britain's relationship with the European Union. This paper will try to paint an in-depth picture of what occurred and what Brexit means to the people of the United Kingdom and the world.

## **Brexit**

### *History of Britain and the European Union*

On March 25<sup>th</sup>, 2017, 27 leaders of European countries converged in Rome to celebrate the 60<sup>th</sup> anniversary of the Treaty of Rome. This Treaty created the European Economic Community (EEC), the ancestor of the European Union. As expected, Theresa May was not in attendance, which follows the attitude Britain has always had towards the European Community. Britain was not one of the six countries that signed the Treaty of Rome even though they were invited to. The EEC was inspired by Robert Schuman, who was a French foreign minister during the 1950s. In his speech, known as the Schuman declaration, he suggested the best way to prevent another catastrophic war on European soil is to make their coal and steel industries united (Stewart, 2016). This would make starting a war practically impossible. The UK refused to join the EEC but later was part of forming NATO and the Council of Europe. Britain never saw the need to give over any of their sovereignty power to any intracontinental power. Having been on the winning side of the war they did not feel obligated to relinquish any sort of power. It was around the early 1960s that British leaders saw the power, economic power, that being part of the European community could bring (Stewart, 2016). The UK tried to join twice in the 1960s, the first time under Harold Macmillan and the second time under Harold Wilson. Both times they were denied by the French President Charles de Gaulle (Stewart, 2016). The reason being that Mr. de Gaulle did not want the UK taking over control.

In 1973 the UK finally was accepted into the EEC, but two years later they had a national referendum to see if they wanted to stay or leave the EEC. The results of the referendum of 1975 showed that 67 percent of Britain wanted to remain in the EEC. During the next 40 years Britain showed a few signs of disinterest in completely joining of the European community. One example was the refusal to use the euro as their currency. Twelve countries out of the 27 members all introduced the new currency and today 19 countries use it (Stewart, 2016). Another example was the sentiment and rhetoric of British politicians such as Margaret Thatcher who famously said, "We have

not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level, with a European super-state exercising a new dominance from Brussels” (Stewart, 2016). It could be said that since British involvement in the European Union, British people have always felt cheated as if they were putting in more money or more work than other countries. In the end, it was this attitude that led many British voters to vote to leave the EU on June of 2016.

### *Proposal of Referendum*

Ex-Prime Minister David Cameron has all but disappeared from public life after he disgracefully resigned on June 24<sup>th</sup>, 2016. It shocked everyone, not only did the referendum pass but the British Prime Minister resigned in less than 24 hours. David Cameron was the catalyst for the referendum. During the 2013 elections Cameron promised a referendum on the European Union. He did this to unite the conservatives and keep the Labour party weak in the public eye (Spence, 2016). The Labour party would never ask for a Brexit referendum. Cameron won the 2015 general election and focused on Europe. During the time, there were two influxes of immigrants happening in Europe (Migration Watch, 2016). France, Germany and mainland Europe were facing immigration from Middle Eastern war-torn countries and Britain was facing immigration from E.U. countries. Britain is a densely populated area, and with an influx of immigrants, British people were getting agitated. The ability to travel from country to country in the E.U. is one of the main pillars of the union. This was one of the problems Cameron tried to fix. It was obvious that Cameron did not want to leave the European Union from the start. Yet he still made promises he had to keep. Thus, he tried to negotiate special deals with the European Union.

He had four main demands, first he wanted that all immigrants who wanted to claim child benefits and tax credit live in the UK and contribute for 4 years (UK PM, 2016). Second, he wanted the E.U. to not force the UK to “forge an even closer union”. This last one was in fear of losing sovereignty. Third, he wanted that countries that were not in the Eurozone to not be ignored when it comes to their currency. Fourth, but not least he wanted less regulation to increase competitiveness. He finalized a deal where they gave him softer versions of what he wanted except the first demand. Angela Merkel was against their demand to restrict the rights of migrants within the E.U. The deal was finalized on Feb 20<sup>th</sup>, 2016 (UK PM, 2016). The people still wanted the vote. The date was set for June 23<sup>rd</sup>, 2016, and Cameron started to aggressively campaign to Remain. In fact, most politicians wanted to remain, they knew how destabilizing it could be to leave the European Union. The Leave campaign started slowing and was this populist group. But a month before the election the ten-point lead in the polls started waning and Cameron tried desperately to get people to realize the economic effects. The rhetoric that the Leave campaign was using was now focused on immigrants, jobs and their sacrifice. In four weeks, the tide turned, and no one expected it (Ramgobin, 2016).

### *Expectations*

No one expected it on this side of the pond. The British people did not see it coming either. Well at least not the ones in London. By March of 2016 it was evident that it was going to be a close call, but the polls were all on “the remain side” (Deloitte, 2017). The Economist was trying to come up with the best predictions of what would happen if Brexit were to happen. Moody’s thought the country’s credit would go down (Buttonwood, 2016). Goldman Sachs thought that the importing and trade would be negatively impacted by the regulatory uncertainty and almost everyone thought the pound would drop (Spence, 2016). These predictions were all right. Foreign direct investment was affected as well, but by the end 2017, the UK was still number one for FDI. A lot of speculation and expectations were going around in all fields. Insurance companies were charging more to insure companies from defaulting (Buttonwood, 2016). Brexit had the financial industry divided. Banking giants such as J.P. Morgan, Goldman Sachs, and Citigroup were all strongly against Brexit. British banks and wealth management groups such as Barclays and Lloyds Banking Group were openly against Brexit. The Wall Street giants donated large sums of money to the remain campaign to lobby against Brexit. Meanwhile many foreign exchange (Forex) traders, not located in the U.K., were quietly hoping for Brexit to happen. When it comes to the foreign exchange trade volatility is a great opportunity to make large profits. Investors sitting on the sidelines or traders in Asia and New York could have easily profited from options and a tumbling pound panic. In New York, stock traders were confident that the U.K. was not going to vote to leave the E.U. All three major indexes S&P, Dow Jones, and Nasdaq were looking up by the end of the day before the vote. One of the best ways to show the general expectations is to analyze how people invested their money prior to the vote. From investors to hedge fund experts, finance is a useful tool because the results are well documented.

As seen in the table on the following page:

# The 2016 Brexit Vote

Melissa Sorto

Topic	Expectations	Dates	Outcomes	Dates2
<b>Actors&amp;Benchmarks</b>				
William Hill Bookmakers, as well as other bookmakers based in London	William Hill — 10/3 Ladbrokes — 3/1 Coral — 11/4 Paddy Power — 3/1 Betfred — 3/1 Skybet — 3/1 Betfair — 10/3	Voting Day (Thurs.)	William Hill made a profit for the year but took a loss from the outcome.	Day After (Fri.)
	£6.2 million- Leave		William Hill's total of money bet on Brexit- £20 million	
	£13.8 million- Remain			
Hedge Fund Expert Goerge Soros from Soros Fund Management	He expected the referendum to pass. Predicted GBP would fall by at least 15%	Voting Day (Thurs.)	Mr. Soros made a profit. He liquidated corporate stocks and bought 19 million gold shares before Brexit.	Day After (Fri.)
Gold Prices	Gold Priced in Sterling ↓10%	Voting Day (Thurs.)	Gold priced in Sterling ↑22% Against the Pound Highest price in 2 years.	Day After (Fri.)
<b>Stocks</b>				
S&P 500 Index	↑1.3%	Voting Day (Thurs.)	↓3.6%	Day After (Fri.)
Dow Jones Industrial	↑1.3%	Voting Day (Thurs.)	↓3.4%	Day After (Fri.)
Nasdaq Composite Index	↑1.6%	Voting Day (Thurs.)	↓4.12%	Day After (Fri.)
<b>GBP</b>				
Remain	No big change expected on the £	Voting Day (Thurs.)	-	Day After (Fri.)
Leave	UBS expected it to drop to £1.30 to USD1.30 Bloomberg Poll of Economists 29 out of 34 expected a decline below \$1.35	Voting Day (Thurs.)	↓ 10% \$1.3236 lowest price since 1985	Day After (Fri.)
<b>Euro</b>				
Remain	Euro would reach a slight increase	Voting Day (Thurs.)	-	Day After (Fri.)
Leave	Euro would see a slight decrease	Voting Day (Thurs.)	↓ 4.7% \$1.11 when markets closed	Day After (Fri.)
<b>FDI</b>				
Remain	FDI would continue at it's normal rate	Voting Day (Thurs.)	-	Day After (Fri.)
Leave	FDI Inflows were expected to decline by 22%	Voting Day (Thurs.)	Net FDI flows totaled £145.6 billion in 2016, up from £25.3 billion in 2015	Day After (Fri.)

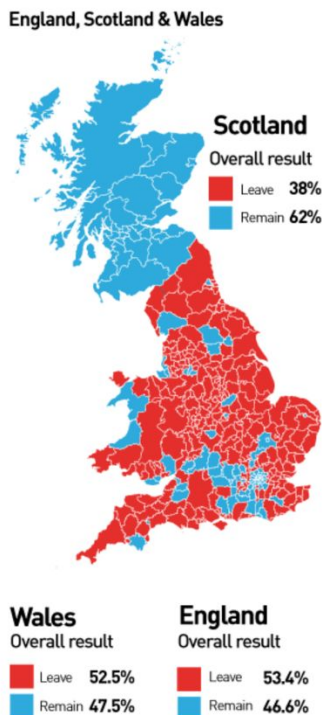
Sources: The Guardian (2016), Business Insider (2016), MarketWatch (2016), Reuters (2017), Bullion Vault(2016), & Trading Economics (2016)

*Results of Referendum Vote of 2016*

The turnout was massive, 72% of available voters showed up to the polls. Fifty-two percent of voters voted to leave while the remainder voted to stay. London, Northern Ireland and Scotland voted to stay (Brexit, 2016). Meanwhile northern England came out in droves to vote to leave the union. Northern England is a stronghold of the Labour party. The Labour party was predominantly opposed to leaving, it leads to the question if they feel misrepresented in parliament. The shock is reminiscent of when Donald Trump won the presidency. People in the media could not quite grasp to the idea.

Some experts such as Alexander Betts believe this was a vote against globalization. He recognizes nationalist movements developing all over the world. People who voted to leave were predominantly worried about immigration. People who voted for Donald Trump were also concerned with immigration. The Leavers also wanted to be heard. Many Leavers felt misrepresented and ignored in England (Betts, 2016). They were being governed by London or Brussels. This vote was their way of hurting the establishment that continues to ignore rural England. It showed how truly politically divided England is.

The British political arena had many casualties because of Brexit. The first being PM David Cameron who campaigned to remain and in his public resignation said "... the British people have made a very clear decision to take a different path and as such I think the country requires fresh leadership to take it in this direction." (PM Cameron Speech, 2016). The second was Boris Johnson who was the main leader of the Leave campaign. He was disorganized and startled once he realized the referendum passed and was disregarded because of his unpreparedness (Crair, 2016). Two other political leaders that lost out in this vote were Jeremy Corbyn the leader of the Labour party and Nigel Farage of the U.K. Independence party. The former was reprimanded by his followers in northern England for his half-hearted feelings to remain and the latter resigned after he realized Brexit was a mistake (Crair, 2016).



Source: The Irish Times, 2016

### *News Coverage and Public Response*

There were many different reactions to the Brexit vote from people. The most common reaction was shock. News magazine, business journals, and TV anchors all displayed their shock at the results. French newspaper *Liberation* wished them “Good Luck”. Norwegian newspaper *Aftenposten* welcomed them to the outside (Vulliamy, 2016). *The New Yorker* posted a cartoon on their cover illustrating some British clad chaps walking off a high cliff (Vulliamy, 2016). There were new stories all over the world covering Brexit and interviewing British people on their views and how they voted during the referendum. People abroad were surprised by the outcome. The assumption that society is supposed to embrace globalization and working together politically has been ingrained in first world countries for decades. This vote was historic because no one thought people would revert to isolationism.

### **Economic Impact**

#### *British Pound*

The effect on the British pound was immediate, as expected by most financial analysts in the industry (Buttonwood, 2016). The British Pound dropped at one point to 1.32 GBP. That was a ten percent drop from what it was the previous day. The pound had not reached those levels since the 1980s. A 30 year low for the pound also affected the stock market. The FTSE 100 index dropped 2.5% and FTSE 250 dropped 8% (Pound Plunges, 2016). The stocks that were hit the hardest were banks. Both Barclays and RBS had losses of above 30%. The effect was immediate and a wakeup call to all of Britain (Pound Plunges, 2016). Later in October 2016 the pound fell even further when the PM Theresa May declared that the referendum would be accepted.

Through the past two years since the referendum was passed the pound has been a rollercoaster but on average it has lost about 20% of its value since Brexit (Buttonwood, 2016). Historically the pound has always been dominant to the U.S. dollar, after Brexit it remain worth more but lost a lot of value. When it comes to currencies the strength and size of a nation’s economy is insignificant compared to the relative value it has to other currencies. One of the reasons why the British pound has been able to keep their high worth is because they do not have as much currency in circulation. The British pound has 68 billion in circulation compared to the U.S. dollars 1.4 trillion (Kirk et al, 2017). The British pound has a much more complicated exchange rate history with the Euro.

#### *The Eurozone and Euro*

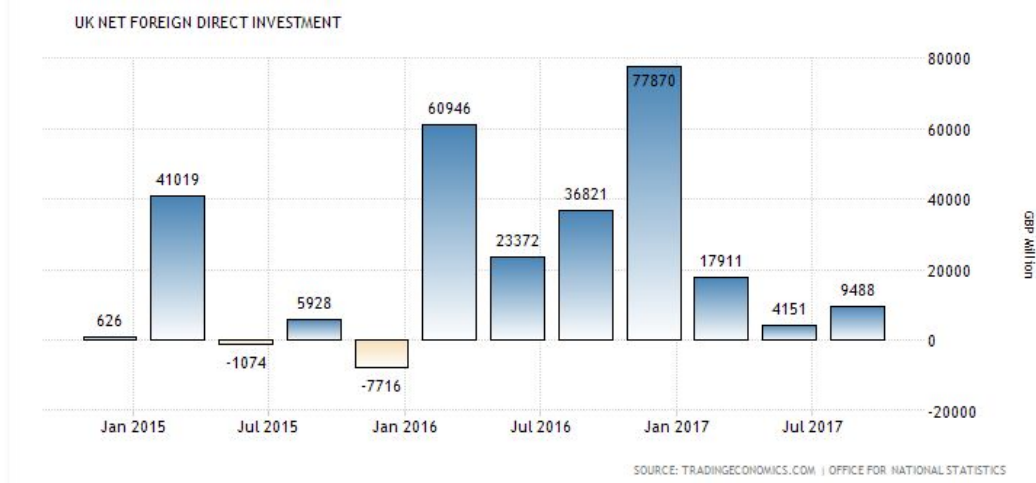
The Eurozone is what the countries that use the Euro as their national currency is called. There are currently 19 countries using the Euro. All 27-member countries of E.U. are required to convert over to the Euro at some point except Denmark and Switzerland (Koyama, 2017). The biggest currency change over occurred in 2002 when



12 countries switched their currency to the Euro. The switch ran quite smoothly due to the ten-year preparation from the E.U. and their member countries (Amadeo, 2018). The euro has performed well since its establishment. Compared to the pound the Euro is considered a weaker currency. The euro was closest to the pound during the recession and 2017 when Prime Minister May confirmed that Brexit will be upheld by the government. Against the dollar the euro has been considered the stronger currency. From 2000 to 2002 the euro could only be used for electronic wires but once it was adopted by 2002 the currency grew sixty percent in value (Amadeo, 2018). During this time the U.S. debt also grew sixty percent and weakened the dollar (Amadeo, 2018).

### Foreign Direct Investment

The FDI number rose from 33 billion pounds in 2015 to 253.7 billion pounds in 2016 (Chan, 2017). This was a good sign for the UK and one of the only financial predictions that was wrong. The soaring increase of FDI was mainly caused by the weakness of the pound. Because the pound plummeted after Brexit it was a lot cheaper to invest on the UK. The number still shocked most economic experts and once seen as a vote of confidence for the U.K. With the huge increase the UK became number one in FDI in the Europe (Chan, 2017). The United Kingdom had a surprising 2 years in FDI, see graph below.



### Financial Services

London is one of the finance capitals of the world. It is a large financial hub for the European Union and attracts a lot of international business in financial services. If the U.K. does not manage to regain access to the E.U. single market it can not only topple the country's economy, but it can also cause its financial industry to wane (Stone, 2018). The EU is also affected, because London was where a lot of the money flowed for the E.U. (Creasey, 2017). The real danger for the UK's financial industry is looking less attractive for Asian, American, and Latin American investors. According to a survey conducted by Reuter about ten thousand international finance jobs are expected to be

relocated out of London if Britain loses access to the E.U.'s single market. Immediately after the vote big banks such as Goldman Sachs, J.P. Morgan and Bank of America held meetings to figure out a strategy to lessen the blow. Goldman Sachs is in the middle of constructing its new London headquarters for its 6,000 employees (Chang, 2016). Brexit sent a shockwave across the pond and tanked the U.S. financial sector stock market. Goldman Sachs, J.P. Morgan and Morgan Stanley all showed losses of more than 7%. Wall street giants have been using London as their entry point to the European market for decades (Campos, 2016). This was a huge loss and current financial service employees could lose their jobs if these companies choose to relocate to cities in the European Union. The frontrunners for new hubs are Frankfurt and Paris (Campos, 2016).

### **Impact on British Society**

#### *London*

It is no secret that most Londoners wanted to stay in the European Union. London is the financial service capital of Europe and tens of thousands of people in the city would be affected by the loss of access to the European single market (Stone, 2018). A short film, created by the news site the *Independent*, documents how the people of London felt about the results of the referendum on June 24<sup>th</sup>, 2016. Most of the people interviewed were disappointed and expressed uncertainty for the economy (Ramgobin,2016). There were quite a few residents that were shocked and mentioned that propaganda based on immigration was everywhere before the citizens voted on the referendum (Ramgobin,2016). Globalization is understood well in huge metropolitan areas such as London, but more rural areas do not realize the benefits. In a TED talk by Alexander Betts he explains how disconnected Londoners are to the rest of Britain. Both videos demonstrate the shock that metropolitan areas in the U.K. experienced when finding out the news.

#### *Northern Ireland*

The reaction in Northern Ireland was immediate and not good. Northern Ireland's main concern with Brexit is the border with Ireland. Northern Ireland was the area that was disputed heavily with nationalist Irish groups for decades. Since Ireland is part of the European Union as was the United Kingdom people and merchandise traveled freely (Symington, 2008). Once Brexit is established checkpoints along the border will have to be set up. Checkpoints will surely anger nationalist Irish groups maybe even the Irish Republican Army (Baer, 2008). The IRA is known for their bomb attacks on British mainland that occurred during the 70s, 80s, and 90s. It was Britain's first encounter with terrorism. Britain and the IRA signed a ceasefire in 1997 but Irish people still feel like the U.K. stole Northern Ireland. If they put a hard border on the island tensions are sure to flare (Baer, 2008). Even though there is a safety concern with the Brexit vote, the immediate concerns are about regulations. This vote made the Northern Irish citizens feel less important because the possible consequences affecting them were not

considered in the debate. Out of all the areas in the United Kingdom, Northern Ireland is the only one to be physically affected by the decision. There will be a new custom checkpoints, new stricter rules, and the island will be physically divided by a border (McClean, 2018). Northern Ireland will have to make the most changes in customs and immigration than any other U.K. area. Because of their proximity to an E.U. nation they would also have to deal with them more frequently. Yet Northern Ireland was hardly ever mentioned in the debate (Symington, 2018).

### *Scotland*

The fire for independence that Northern Ireland lost has been taken by Scotland. Scotland held a referendum of their own in 2014 to decide whether to stay or to leave the United Kingdom (Crair, 2016). It turned out fifty-five percent of Scotland decided to stay. One of the main reasons is because the United Kingdom was part of the E.U. If they were to leave it would take them a few years to join as their own nation. Nicola Sturgeon is leading this cause as the First Minister of Scotland. She thinks it is incredibly undemocratic that most of Scotland voted to remain in the European Union, yet they have to leave with the rest of the United Kingdom (Crair, 2016). Sturgeon could be a huge challenge to the U.K.'s efforts to stay together. Especially since she has the Scottish parliament's full support. After Brexit she was the only politician who came out looking in strong position. She immediately went to Brussels to meet with the E.U. to work something out with Scotland (Crair, 2016). She's a career politician with a mission and after this debacle she might set Scotland free.

### *Individuals*

A few individuals have been mentioned already because of how the events progressed. Brexit affected all types of individuals; immigrants, the British electorate and businesses. Immigrants from other European countries that work in the U.K. are anxious because of the uncertainty of their futures (Knight, 2017). It is a hot topic of debate since immigration turned out to be the main reason leavers voted for Brexit. Brexit is not a decision just to break off and leave. There will be many sessions for negotiations for every part of sovereignty that was united. Such as market access and immigration policies. As for the British electorate, some are happy others disappointed (Ramgobin, 2016). The voters who voted to leave feel listened to, that their vote created change. The people who wished to remain feel disappointed and baffled (Knight, 2017). The impact on their lives is not as large as immigrants or employees in international industries. There were many businesses that were toppled by Brexit. One of those businesses is Monarch airlines. Monarch Airlines was a British airline that declared insolvency in September 2017 (Crash Landing, 2017). They were crippled by a lack of holiday travelers and the weakening of the pound after Brexit. Monarch Airlines had financial problems before, but they were bailed out by Greybull Capital in 2014 (Crash Landing, 2017). They were not able to handle the loss of value of the pound. That was the death blow, and more than 2,000 employees were laid off.

### *Scientists and Scholars*

The Science community was frightened for their wellbeing after Brexit. Scientists in the United Kingdom benefited from the E.U.'s immigration policies because they were able to travel to any European University for research. The other thing that was beneficial of the E.U. was their funding for science research in the U.K. (Abbot, 2016). The European Research Council funds many research project and labs in the U.K. and about sixteen percent of university research in Britain. Another worry for scientists is being ousted of the Horizon 2020 program. Horizon 2020 is a \$82.9 billion grant fund for scientific research (Abbot, 2016). They have not received any guidance from the government on what will happen to the science community, but they have been getting prepared to lobby. There are scientists who have been working on long term projects or have just gotten jobs in research labs in the U.K. and their careers are now on the table. The loss of talent would make the United Kingdom less competitive. Many scientists in the E.U. said they feel less welcomed now because of the vote.

### **Laws and Regulations after Brexit**

#### *Legality of Brexit*

The legality of the referendum came into question in October 2016. The highest court in England approved the referendum as a reason to activate article 50 of the European Union. Article 50 of the Lisbon Treaty is known as the divorce clause of the European Union and states that the member state may leave "in accordance with its own constitutional requirement" (Koyama, 2016). The decision that the judges were ruling on is if the parliament had to approve Brexit before it was formerly announced to the E.U. a Brussels. They ruled the referendum could stand because it was the people's choice. The most interesting part of the case is who brought the case up to the court. It was an investment manager, a hairdresser with both U.K. and European citizenship and small expat organizations. Even though many politicians were against Brexit none of them had the courage to support the case. Well the referendum was held up in court and Article 50 was invoked on March 29<sup>th</sup>, 2017. That means that Brexit negotiations need to be finished by March 29<sup>th</sup>, 2019 as Article 50 states. The E.U. has developed a special task force to deal with the negotiations.

#### *Immigration*

The United Kingdom currently has three million people who were born in the E.U. but currently reside in the U.K. About forty four percent of those residents are employed and sixty two percent of those employed worked low-skill jobs. Studies show that the low skill work is not the first stop in a process for self-improvement (Migration Watch, 2016). Instead immigrants stay at these low paying jobs permanently. A surge of immigration occurred because of the Eurozone crisis and eastern European countries joining the E.U. The immigrants from the poorer eastern European countries came to

the U.K. for opportunities to provide for their families. Unemployment is high in countries like Croatia, Romania, Bulgaria, etc. (Migration Watch, 2016). Brexit does not guarantee the ability to kick these E.U. immigrants out of the U.K., it all depends on the negotiations. Norway and Switzerland are not part of the E.U. but have access to the single market. In exchange for access they follow some rules including the free movement clause that plagues conservatives of the United Kingdom. No set negotiations have been set for any part of Brexit (May, 2018). A year has almost past and there has been no visible progress to negotiate immigration with the E.U.

### *Environmental Law*

Three weeks after Prime Minister Theresa May's appointment she scrapped the Department of Energy and Climate Change (DECC) and combined it with the Department for Business, Innovation and Skills. The new department is called the Department for Business, Energy and Industrial Strategy (BEIS) (Castelvecchi, 2016). A lot of environmental scientists and analyst got alarmed not only because she got rid of the DECC but because the BEIS has no mention of the environment on the title. The scientist community is worried that the United Kingdom will reverse their commitment to helping the environment. P.M. Theresa May is also for strengthening the immigration borders and making merit-based visas the main method of getting to stay permanently in the United Kingdom (Castelvecchi, 2016). That does not sit well with the British scientific community since they believe in cooperating and welcoming gifted scientists to join them.

### **Future of Brexit**

#### *Soft Brexit or Hard Brexit*

The clock is ticking for Brexit negotiations and they have not settled on anything conclusive. Most of the politicians in Britain are hoping for a soft Brexit which would reduce drastic change. A Soft Brexit means that the U.K. would still have close ties with the E.U. and access to their market but would have to follow a few rules (Greig, 2017). A hard Brexit means a complete disassociation with the E.U. and the need for new trade agreements with every nation that the U.K. trades with. For the most part people who voted for Brexit want the hard Brexit. This way Britain sets their own terms. A hard Brexit could cause a large disruption in business from various industries. Customs and tariffs would have to change, and Britain would now be charged tariffs for their imports into Europe (Greig, 2017). Even after the Brexit vote the United Kingdom is still politically divided between which path to take. Prime Minister Theresa May seems to have no strategy. The P.M. has not made one strong demand to the E.U. and that's worrisome since time is running out. When Brexit passed Boris Johnson thought it would not take them more than a year to disentangle themselves from the European Union (Greig, 2017). A deep disappointment for everyone would occur if the United Kingdom does not complete the process by the two years. Most British citizens believe

they cannot back out of Brexit. It would make them look weak. With no strategy in sight it will be an exciting year for British international relations this year.

### **Conclusion**

The Brexit referendum affected British life in almost every aspect, in a matter of hours and the consequences will probably be felt for generations to come. From the chaos that leaving the European Union caused to the looming decisions that need to be made, there is a lot of work ahead for Britain. The United Kingdom's economy was destabilized because of Brexit. However, the economic community showed their faith in Britain with their outstanding FDI inflows. Have been slowly recovering from GBP per USD and GBP per Euro on the day of the Brexit vote to GBP per USD and GBP per Euro as of 4/23/2018. British politics are tense in every sense and negotiations with the European Union are not going to be easy. The United Kingdom has been a huge contributor to the EU's economy, but the U.K. would be the biggest loser if they do not get access to the European single market. The financial service industry would suffer immensely. Many individual groups were affected: scientists, immigrants and business owners were all negatively impacted by the vote. To add to the UK's instability, Scotland and Northern Ireland are unhappy with the outcome of the vote. Scotland's leadership looking at alternatives to remain in the E.U. is not-a sign of discontent for the United Kingdom. Through this analysis we believe that the United Kingdom has made itself vulnerable through this decision. There were many causes for this vote and the outcome. The disenchantment that most rural people of England felt towards the EU's bureaucracy and government along with the rise of tensions because of immigration and their need to reclaim their identity are just a few. The bigger reason as shown by this analysis is the misunderstanding of the real benefits globalization can provide a nation made up of islands, with scarce raw materials, on the coast of Europe.

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