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EUROPEAN UNION'S INEVITABLE BREAK-UP: WHY BREXIT MAKES SENSE

By Steve Bakke  July 15, 2018



International trade is gaining prominence in the news. Trump announced his exit from NAFTA in favor of seeking new bilateral agreements. That was followed by creating or raising tariffs on China, Canada, European countries, and beyond. And right in the middle of all the trade tension is the difficult process surrounding the United Kingdom's (U.K.) exit from the European Union, referred to as "Brexit."

One argument against Brexit is that its inevitable result will be economic isolation with negative economic effects. Isolation certainly can be a negative for an economy, but economic isolation doesn't have to be the result. Beneficial bi-lateral trade agreements will occur outside the restrictive boundaries of the E.U.

Opponents claim Brexit is motivated by selfish concern over displacement of jobs because of immigration, but this has nothing to do with prejudice and anger. The real motivation for Brexit is that the E.U. caused an increasingly severe reduction in U.K.'s tradition of self-determination. Brexit is an attempt to strike the right balance between self-determination with sovereign borders VS. a measure of isolationism. It's an arduous task.

While retaining sovereignty, each E.U. member country is bound by enforceable agreements. A “supranational” system does have authority similar to “federalism” in the U.S. Formed as the “European Economic Community” in the 1950s, the EU has grown to 28 members stretching from Sweden and Finland in the north to Italy, Greece and Cyprus in the south - and from Portugal and Spain in the west to Romania and Bulgaria in the east. The U.K. was not an original member and never relinquished its traditional currency in favor of the EU’s common currency, the “euro.”

This diversity of culture and geography is a big part of E.U.’s sustainability problem. With almost any transformational change, once idealistic euphoria wears off you are left with sometimes cruel realities. Before the E.U., we had individual countries in Europe, each with unique laws, cultures, languages, priorities, forms of government, and economic policies. And I should add, each had their own unique “bad habits.” Before the EU, each country’s fate certainly had implications on their geographical partners, but the individual economies remained mostly separate.

The EU brought with it an idealistic hope for a European economic and foreign affairs powerhouse. While the upside was substantial, the downside was very real. The goal was to smooth over the differences and create some commonality, but here’s where we stand:

- There still exist 28 different countries, each with its own traditions.
- There are many different forms and philosophies of government.
- There is no uniformity of financial strength among the members.
- Differences in culture, lifestyle, religion, priorities, and spending habits are immense.
- Attitudes about immigration differ greatly.
- Each member continues to display many of its own unique “bad habits”!
- There will always be an element of old-fashioned nationalism which limits altruistic cross-border generosity.
- And there is no uniform level of sincerity to make it all work!

The reality is that the economic failure of one country could have a magnified affect for the entire “pool” of countries. Recall the financial calamity in Greece – there was a real possibility of an E.U. financial meltdown. This system tends to reduce all economies, defense systems, and international influence to the “lowest common denominator.”

While facing all of that confusion and uncertainty, many of the U.K.’s governance activities were outside of their control, being totally determined by the EU. Imagine how Americans would react if faced with joining a “Union of the America’s.” Would we be comfortable answering to a “Governing Council” seated in Venezuela and bound by a court system based in Canada? Of course we wouldn’t!

I understand the U.K.’s desire to escape this situation. Brexit may be a real victory for freedom, self-determination, and growth-oriented government. On the other hand, I hope Europe can continue to join together in a cooperative posture of military defense. That’s one function best suited to multilateral agreement.

I predict Brexit will spread to other EU members because it's actually quite natural for citizens to think favorably of sovereignty, nationalism, and patriotism. Maybe anti-globalization is catching on. If so, let's hope its results are beneficial!