



WHY BREXIT MATTERS

Philosophical Dialogue
Taras Shevchenko National University of Kyiv
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1. Key Facts on the European Union



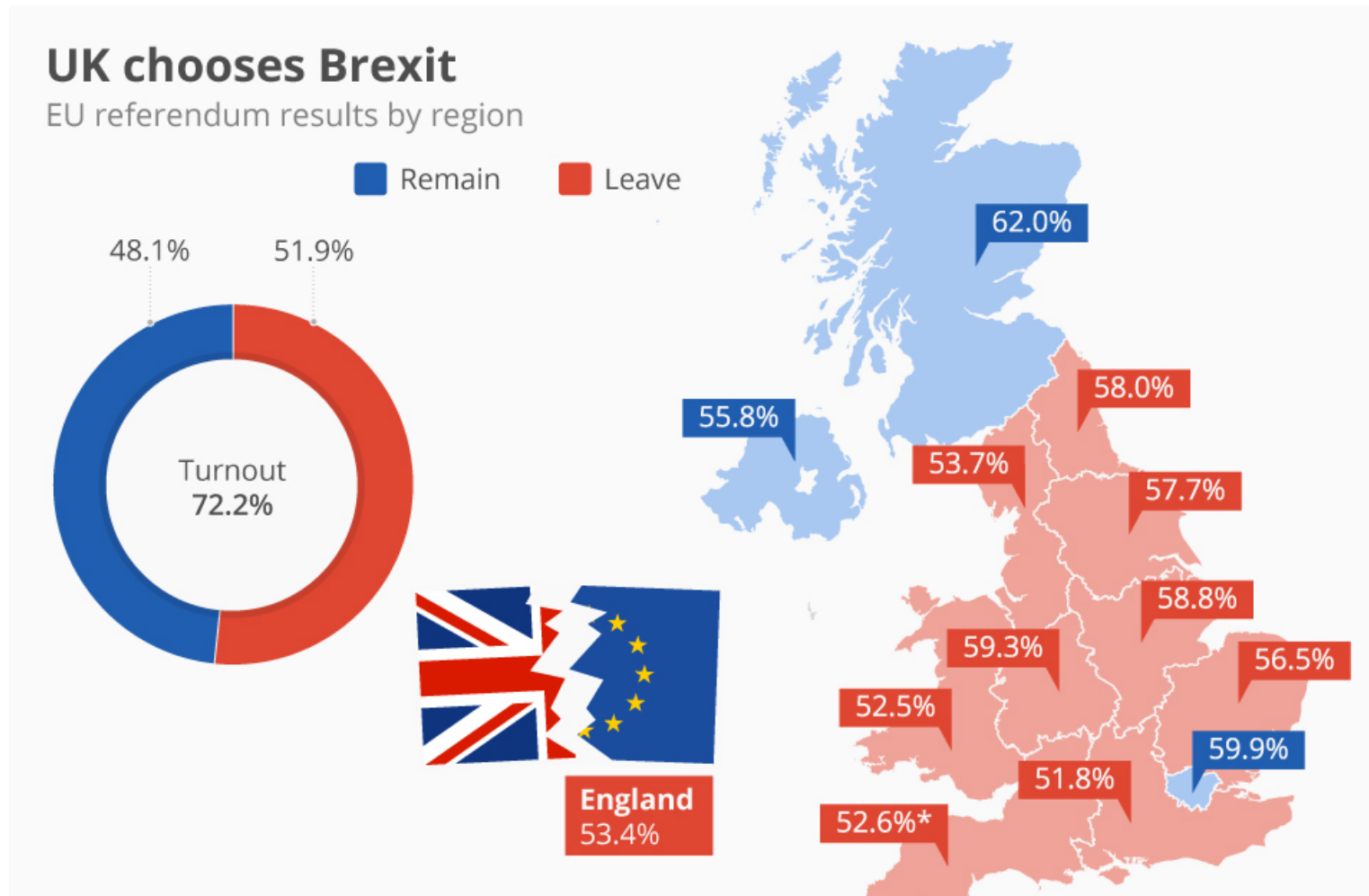
- Founded in 1957 by 6 nations as EEC
- UK entered EEC in 1973 together with Ireland and Denmark
- European Union based on Maastricht Treaties in 1993
- Today 28 member states, 5 candidates for accession
- Ukraine has Association Agreement within EP framework
- Global economic powerhouse, GDP (2017) at 19,7 trillion USD, ahead of US and CHINA
- Total population of 513 Million (US: 329, CHINA: 1.434)
- Free Trade Agreements with > 60 countries
- SINGLE MARKET: free circulation of goods, capital, people, services
- CUSTOMS UNION: common external tariffs on goods entering EU internally no duties, taxes, import quotas
- Examples: bank passporting, social sec payments, health insurance
- > 3 Million EU citizens live in UK, biggest share from Poland
- Founded to bring peace to central Europe after WWII
- Main contributor to stability and prosperity after end of cold war
- EU received noble price of peace in 2012

2. Then Came the Referendum



51,9 % (17,4 Million): **LEAVE** – REMAIN: (16,1 Million) 48,1 %

3. A Nation Divided



73% of below 24 years and 62 % of 25-34 years old voted REMAIN
60 % of over 65 years voted LEAVE

4. A Dramatic Loss on Both Sides



- 67 million population and 3 Trillion USD in GDP
- The World's largest financial center
- The Anglo-Saxon mindset
- Europe's strongest military
- A permanent seat in the UNSC
- Special link to US



- Unlimited access to a market of 500 mln people and its biggest export market
- Geopolitical cloud, importance and influence
- Labor and product protection
- European HQs of multinational corporations
- European Banking Hub Status and Clearing

5. Brexit Means Brexit?

After more than 3 years there is no coherent view on the preferred Brexit option for the UK

SOFT vs. HARD Brexit?

FAST vs. SLOW Brexit?

What was the Referendum Result?

New Referendum?

BREXIT Fatigue

Reasons: False Decision Basis, Party Politics, Important Trade-Offs,
No Clear Majority in Parliament for Any Option

6. The Complications of a Divorce



Apart from the money, UK and EU had completely diverging views on divorce

- After invoking famous Article 50, all trumps were in Hands of EU
- UK: fast, clean and easy divorce – EU: lengthy, painful and deterring divorce
- EU had much stronger divorce team
- 27 countries were speaking with one voice, while UK was quarrelling
- Brexit invoice: huge money involved, but relatively clear situation
- 1000s of smaller, unresolved issues remain
- **Oxymoron 1:**
The forgotten Irish issue or the Integrity of the Good Friday Agreement
- **Oxymoron 2:**
Preserving the integrity of the single market

7. The Day After



So far only divorce discussed, what is the future relationship???

Strong Competition

- Singapore Model
- US centric

Close Relationship

- Swiss Model
- Europe centric

Re-Marriage

- Revoking Article 50

8. Why it Matters



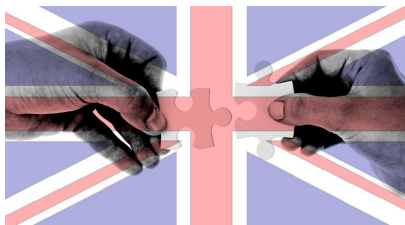
First crack in the EU window shield and success story, will others follow?



Feeds nationalist agenda and sows disharmony between nations



Shifts balance of power, EU to be more German centric, less atlantic, more inward looking



Leaves UK deeply divided across regions, party lines, age cuts. Scottish independence, Irish question to re-emerge

9. ... And Why it Does Not Matter!



Every Risk bears a Chance! EU to reform and integrate faster, UK to develop new growth model



Part of **New Global World Order** and not EU solitary development



More Competition can profit both parties in the future and make both stronger, e.g. tax systems



EU Still Very Attractive and on growth path with new accession candidates in Eastern and Central Europe

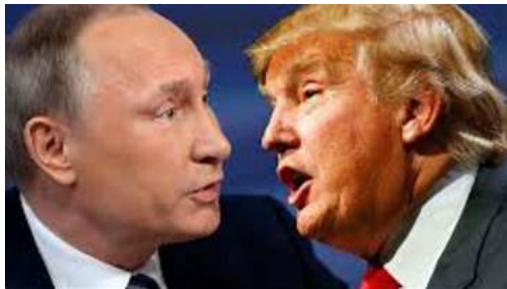
10. Lessons Learnt for Public Governance



Limit of a Referendum! Do not call a referendum on a deeply divisive or complex matter



We live in a **Post-Truth Age**. Lies are with little consequence and fast forgotten in our high speed media reality



We experience the **End-Game of Western Democracies**. Modern information age and instant reach foster managed democracies



Prepare for Divorce, when marrying