

What Led to the Demand for Brexit, and What are its Effects on the Global Economy?

Student's Name or Students' Names

Department Affiliation, University Affiliation

Course Number: Course Name

Instructor's Name

Assignment Due Date

What Led to the Demand for Brexit, and What are its Effects on the Global Economy?

In mid-2016, British citizens cast a vote on whether to withdraw from the European Union (EU) or not. Although the ballot was a close-run, the public finally chose to exit the EU. This choice has had considerable political, socioeconomic, and monetary consequences for the United Kingdom. A significant proportion of pro-Brexit supporters were elderly, working-class citizens of rural England. They were anxious about the free flow of refugees and migrants, arguing that underdeveloped nations' populations were stealing job opportunities and benefits. Fees enforced by the EU were also a source of dissatisfaction for small firms. Others thought that leaving the EU would bring about employment creation. Many considered that the UK supplied more to the EU than it obtained in return (Portes & Forte, 2017). Companies and organizations face problems attributable to Brexit, including labor shortages and limited access to foreign markets, which significantly impact the global economy.

The primary disadvantage of Brexit for the global economy is the harm to the UK's growth and progress, which has had a negative impact on the country's imports and exports. This was mainly due to the ambiguity around the conclusion of the issue. Brexit uncertainty caused the UK's development to decline from 2.5 percent in 2015 to 1.0 percent in 2019. According to the UK government, Brexit will lessen the UK's development by up to 7 percent in the next 15 years (Belke & Gros, 2017). The British pound sank from \$1.5 to \$1.3 the day after the popular vote. This facilitates exports but raises the cost of imports and has not recovered to pre-Brexit levels.

Another consequence of Brexit on the global economy will be a shift in regulatory frameworks. The regulatory reforms will harm exporters and importers. Companies that operate in the nation were already bracing for possible legal modifications. New trade restrictions are almost expected to cause enterprises to rethink their plans and adjust their

supply chain structures. Export-oriented enterprises are believed to have been the hardest affected by Brexit (Chang, 2018). This is because these enterprises confront ambiguity when it comes to foreign market access. Several of them have had to reduce their spending to avoid incurring significant losses. Additionally, firms have become more circumspect when it comes to foreign investments.

Industries are working in an extremely difficult environment. Construction is one of the most susceptible sectors in the UK. Currently, construction businesses operating in the UK face supply chain problems. Prices of raw materials and labor have risen. At the moment, around 30% of those engaged in the industry are from the EU. Soon, obtaining work authorization in the UK may become far more difficult for such people. Similarly, the cost of raw materials needed in the construction of structures is increasing. Such core resources will get even more expensive over time (Belke & Gros, 2017). This is because a variety of commodities are obtained from EU member states, and the cost of importing these materials will continue to rise. Finally, UK investment firms are already being excluded from EU infrastructural development. This has a detrimental effect on their capacity to earn income and expand.

The Brexit choice has had noteworthy political, socioeconomic, and financial complications for the UK. Many pro-Brexit supporters were elderly, working-class residents of rural England. They were dreadful of free mobility of refugees and migrants, arguing that developing nations' populations were stealing services and benefits. Firms are facing problems because of Brexit, including labor shortages and limited access to foreign markets, which substantially impact the global economy. The primary drawback of Brexit for the global economy is the harm to the UK's development, which has had a negative effect on the country's imports and exports.

References

Belke, A., & Gros, D. (2017). The economic impact of Brexit: Evidence from modelling free trade agreements. *Atlantic Economic Journal*, 45(3), 317-331.

<https://doi.org/10.1007/s11293-017-9553-7>

Chang, W. W. (2018). Brexit and its economic consequences. *The World Economy*, 41(9), 2349-2373. <https://doi.org/10.1111/twec.12685>

Portes, J., & Forte, G. (2017). The economic impact of Brexit-induced reductions in migration. *Oxford Review of Economic Policy*, 33(1), 31-44.

<https://doi.org/10.1093/oxrep/grx008>

WritingElites.net

The Custom Writing Experts

Need an Original, High-Quality, Plagiarism-Free Cause and Effect Essay Like This One?

[Order Now](#)
