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Lessons from UK's EU referendum

BREXIT: What will happen to the 1.5 million Britons who live and work in Europe and the 3 million Europeans who live and work in the UK?

THE political entity known officially as the United Kingdom of Great Britain and Northern Ireland decided to end its membership in the European Union last Thursday.

This decision is momentous in many senses, and not merely for the voters of the UK and for Europe, but many around the world.

After four decades, it is safe to say that more than the 16.1 million who voted to remain in the EU would have crossed their fingers that the UK would not exit Europe. But it has, and like it or not, the consequences, many of which are still uncertain and just unfolding, will have to be dealt with.

The effects on the pound sterling and global stock markets have already been felt and will continue gyrating

over the short term as markets adjust to the new and emerging realities.

UK interest rates are seen to be heading to close to zero with the possibility of more quantitative easing as the Bank of England strives to stave off any liquidity crisis.

This will keep the sterling closer to its present lows than pre-Brexit highs, a short-term advantage for its exporters, but one that will last only until the UK formally exits the EU and is able to establish its own trade arrangements.

The EU is UK's single largest trading partner, with more than half of its exports going to the continent and trade negotiations are going to be critical. It also seems increasingly likely that the UK's exit from the EU will revive moves for Scottish secession and raise the prospect for further turmoil on the British Isles.

The Scottish Independence referendum in 2014 was defeated by a 10 per cent margin but the difference in the votes of those wishing to remain in the EU is far larger and could swing the pendulum. If this were to happen, and

there are already soundings to this effect, the UK economy will further contract and, along with it, living standards.

Equally visceral is what happens to the 1.5 million Britons who live and work in Europe, and the three million Europeans, mainly Poles, Irish and Germans, who live and work in the UK.

It is unlikely that either side will want to precipitate a massive change to the status quo, but the freedom of movement and employment on both sides will undoubtedly be restricted.

What, if anything, does the UK referendum tell us about the state of the world and teach countries like Malaysia?

FIRST, countries with deep socioeconomic cleavages cannot be expected to act in universally acceptable and reasonable ways.

Privileged elites, those with education and wealth, mostly voted to remain in the EU, while lower middle- and working-classes, by and large, chose to leave.

There is no question that the UK benefited enormously from choosing to remain in the (then) European Economic Community (EEC) in 1975, but the poor distribution of the benefits led to the backlash against the government of the day.

SECOND, listen to the young and empower them.

The saddest fact about last week's referendum was that the young tended to favour remaining in the

EU while older voters did not.

It is estimated that 64 per cent of those with an average 69 years to live chose to remain in the EU, while 58 per cent of those with just 16 years to live chose to exit.

As an aside, one would have thought that with immigration from the EU being a hot button issue topic in the campaign, the young would have been less enthusiastic about remaining in the EU.

In fact, anti-immigration sentiments were primarily found among the elderly.

THIRD, we need to be obsessed about our collective future. It is when we take our eyes off the ball that political infighting rages with wild abandon.

Voters can accept their less than optimal lot if they nurture hopes of a better future. If they do not harbour such hopes, they can turn bitter and lash out even at policies that are aimed at their benefit.

In Malaysia today, the focus is on the present. Where the future is thought of, it is dominated by an atavistic and regressive one. Should Malaysia face its own version of a Brexit-like decision, and there are also soundings to this effect, we simply cannot be assured that the decision made will be for the best.

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BALLOT

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