



At issue:
Brexit

POINT COUNTERPOINT

UK voters reject Brussels rule in Brexit vote

JOHN L. PHILLIPS



In a move that surprised many, including financial markets, the United Kingdom voted to leave the European Union in June.

Now everyone inside the UK and out is rushing to figure out what it means: for their retirement plan, for their jobs, or for the release of next season of BBC's "Sherlock."

My take as someone who is both a British citizen and a political scientist is that there were always two incompatible visions of Europe bound to clash: a "federal" vision and an "intergovernmental" one. The federal vision (espoused by many founders of Europe such as Adenauer and Monnet) promotes the integration of each member country into a common governance structure. The intergovernmental vision (preferred by Churchill and De Gaulle) is one of more limited multilateral cooperation based on shared interests. The difference boils down to the extent to which each country in Europe has a veto power over decisions that legally apply to them.

The federal vision saw immense benefits to having uniform economic rules, a common currency and a united foreign policy so that the EU could fully benefit from free trade and wield power on the international stage as an economic and political bloc.

The intergovernmental vision saw the benefits of institutions that could help countries pursue shared goals (like containing the Franco-German rivalry and free trade and movement), but also worried about conflicts of interest and a loss of autonomy. Until yesterday, this conflict of interest was perhaps most visible in the conflict over the Euro — some countries wanting it stronger, others weaker depending on their position in world markets.

It is always risky to try and infer what people are thinking from how they vote, but exit polls do seem to suggest that the number one reason "leaver" voters say they voted to leave was the "principle that decisions about the UK should be taken in the UK" (Lord Ashcroft Polls, June 24, 2016). No doubt, some UK Independence Party (UKIP) voters really want a fortress Great Britain, but my guess is that most of the people who voted to leave voted against a Federal Europe — not against mutually beneficial trade, or cooperation on issues of common concern. They simply did not want the UK to be ruled from Brussels.

The good news is that European countries have created a large number of organizations and treaties to accommodate different situations and priorities. In addition to the EU, there are the European Economic Area (EEA), the European Free Trade Association (EFTA), the European Customs Union, the Schengen Treaty, the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe — all of which have overlapping and cross-cutting memberships. The UK is still a member of the OSCE and Council of Europe. It could join one or more of the others.

It is far from clear, however, that the UK is now in a stronger position to renegotiate its relationship with the other 27 countries remaining in the EU now that it has voted itself out. If British voters just indeed gave the European Union the relationship equivalent of, "let's break up but we can still be friends," it remains to be seen what the EU will say to that. Jilted former partners are not notoriously forgiving.

Moreover, the EU has to consider other electorates within the EU who might take heart if the UK successfully negotiates its way out. The European Union's approach to the now-looming Brexit negotiations will be heavily influenced by the need to avoid a #Brexit, a #Czechout, an #ItaLeave or an #Ostria. Perhaps this will mean taking a hard-line stance that makes both the EU and the UK worse off. Wisser heads in Brussels might also consider that the Brexit vote is a sharp reminder that there always have been competing visions of Europe and that the Federal vision is not destined to prevail.

John L. Phillips is an assistant professor in the Department of Political Science at Austin Peay State University.

What's next for Nashville's health firms after Brexit?

MORRIS L. REID



There is no doubt that to many around the world Nashville is known as "Music City, USA."

But, Nashville has also earned its reputation as "Health Care City, USA" as Nashville-based health care companies generated more than \$73 billion in revenue and account for more than half a million jobs around the world.

Nashville-based health care companies will continue to expand around the world, most notably here in the United Kingdom, and with that are geopolitical and economic consequences regarding the Brexit referendum that will impact Nashville-based health care companies.

The vote to "leave" the European Union was a surprise to many around the world. After the Brexit vote, the value of the pound plunged near its lowest level in 30 years, and the United States is scrambling to determine whether or not it might find another country to replace the United Kingdom as its most reliable economic and geopolitical partner on the continent.

By voting to leave the European Union, the United Kingdom has not just financially weakened ourselves and the European Union, but also weakened the United Kingdom's ability to protect its citizens. Recent terrorist attacks across Europe have reinforced the importance of intelligence exchange and security cooperation among all nations. The hope is new channels of communication and cooperation will open up despite the Brexit divorce.

It is notable however that many in the United Kingdom were heartened to hear Tennessee's U.S. Sen. Bob Corker state that he believes "the response of the American people is going to be to draw closer to... (the) United Kingdom."

This is great news as Corker, the chairman of the Senate Foreign Relations Committee, is widely considered by many to be a thought leader on both global geopolitical and economic issues.

While the Brexit vote might not affect all sectors or businesses equally, it is vital for Nashville-based health care companies to understand how Brexit affects their bottom line in the United Kingdom.

The European Union has served as lawmaker and regulator in many sectors, and it will be important for Nashville-based health care companies to understand how the United Kingdom's new regulatory environment, once in place, will differ from the European Union's current regulations. It is imperative for Nashville-based health care companies to understand and prepare for these regulatory changes to ensure operations and investments in the United Kingdom are not bogged down by bureaucratic red tape that will slow down growth and profitability.

For example, it will be vital to understand how Brexit will change the application of competition law and how the Competition and Markets Authority's changing jurisdiction over mergers in the United Kingdom could create uncertainty for those looking to acquire UK-based companies.

It is also important for Nashville-based health care companies to understand that the European Union carries the burden of the cost of many common services, regulators or standard agencies, like the European Medicines Agency. An opportunity for Nashville-based health care companies might be found in filling gaps where the United Kingdom will have to rationalize these services, reinforce and retrain staffs.

While these geopolitical and economic factors create an uncertain future for some in the United Kingdom and members of the European Union, Nashville-based health care companies need to look closely at the United Kingdom to find opportunities to continue to do business here.

Many in the United Kingdom enjoy the musical exports out of "Music City, USA" but the United Kingdom needs "Health Care City, USA" to continue doing business here despite our recent divorce from the European Union.

Morris L. Reid is a partner in the London office of Mercury, a high-stakes public strategy firm. Reid formerly served in the Clinton administration as a confidential assistant to Commerce Secretary Ronald H. Brown.