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In the aftermath of Brexit vote, implications are staggering

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Voters in the United Kingdom awoke with a bad hangover recently. They were dazed and angry, but mostly confused. The nation had just voted to leave the European Union. Millions of people signed a petition in protest. The opinion polls had said that after 43 years, Britain would vote to remain in the European Union. The markets were positioned for a vote to remain. But by a razor-thin margin, the voters said to leave. Some votes in favor of leaving may have been in protest, not expecting them to contribute to such a result. But there it was, for better or worse: Leave!

In rapid order, the prime minister offered his resignation to take effect in October, with an election to find a new leader. The person thought most likely to succeed was Boris Johnson, former Lord Mayor of London and a proponent of Britain leaving. But Johnson dropped out of the race when one of his best friends and supporters, Michael Grove, filed for the office. That prompted one member of Parliament to say that there had to be a special place in hell for Grove.

Johnson consulted other members of Parliament and decided he was not the one to lead the exit negotiations that were necessary because of the vote. So now, in one of the most difficult times in British economic history, Britain was leaderless. Johnson, it appeared, made no plans for a leave win, because he did not really believe Brexit would succeed.

European ministers made immediate demands for Britain to leave the EU, posthaste. Like a scorned lover, they want Britain out of the house. France especially wants Britain out, because the French covet London's status of the financial capital of Europe. The notable exception is Angela Merkel, Germany's chancellor. Merkel, who has been the rock of Europe in its many crises, and who occupied the moral high ground on immigration is, herself, now politically weakened.

Germany and France had been the chief architects of the European Union, but now even France wants Britain out, as it contemplates its own Frexit. The Netherlands is considering a Nexit. Spain moved to block any British role in Brexit discussions, fearing that Brexit would set an example for Catalonian separation from Spain, as indeed both Scotland and Ireland consider leaving the United Kingdom so as to remain in the EU. It has been suggested that Texas might find this a model for its frequent flirtation with secession from the U.S. Could Northern California renew its plans to form the state of Jefferson and secede from California? The implications are many.

The actual process is uncertain as secession has never happened before. No law passed. Indeed, in order to secede, Britain must invoke Article 50 of the Lisbon Treaty, the agreement by which the EU is governed. But the Brexit vote did not do this. Only Parliament can invoke the rule.

Parliament consists of the House of Commons and the House of Lords, and both would have to agree. A majority of the members of Parliament supported the move to remain. Are they now prepared to vote to leave? Perhaps they will take a page from Edmund Burke, who in his speech to the electors of Bristol had

this to say: "Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

Government lawyers say that Article 50 could be invoked by "royal prerogative," but that would surely be challenged and require a decision by the House of Lords, sitting as the Supreme Court of Great Britain.

Perhaps this is why Merkel called for calm and a period of reflection while Britain sorted out its many, self-inflicted problems.

If Article 50 is invoked, Britain has two years to leave the European Union. Leaving entails renegotiating new trade treaties with 27 member states. Normally, concluding just one treaty requires four to five years.

Then there is the subject of immigration. Europe wants free transit and some immigration, but immigration was the principal impetus of the Brexit vote, so it is unlikely that Britain would approve a new treaty without a limitation on immigration.

And what about the millions of young people in Britain who grew up in a country that allowed free travel and the many who were educated or worked in other countries? This generation may feel freedom to travel is a right and feel more European than British. Their education and job prospects have been diminished. Their parents and grandparents, longing for an imagined past, have thrown them under the bus.

Portions of Britain, such as Wales, look to suffer. Wales had enjoyed the benefits of EU membership, raising its standard of living and receiving transfer payments. Nevertheless, they voted overwhelmingly to not remain. They were told that they would receive largesse from the money that Britain would no longer pay to the EU. Now that the perpetrators have left the room and Wales is holding the empty bag, it appears that they will be losers.

In the wake of the economic turmoil caused by Brexit, the U.S bond markets rallied. The head of the Bank of England, Mark Carney, suggested that British bond interest rates would have to fall. European rates have already fallen, with over 10 trillion dollars in bonds trading at negative interest rates. The pound is trading at a 30-year low. Two property mutual funds in London suspended withdrawals. Italian banks, already weak, tottered in what could be the beginning of a European banking crisis.

U.S. interest rates fell and bond prices surged as investors sought yield and quality. U.S. equities also surged as investors sought yield and protection against eroding values. The U.S. will be bruised, but a relative winner.

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