

## **Some Thoughts on Brexit**

By Don Sutherland

Last night was a long, dark, and sad night. By a 52%-48% margin, the United Kingdom voted to disengage from the European Union. Fear and anxiety had prevailed. Reason and foresight had not. Now, serious questions concerning the long-term fate of the European Union, whether the United Kingdom can hold together, and, on a global scale, whether an era of increasing economic and diplomatic integration is pausing or perhaps even coming to a close.

The vote took place in the context of a struggling European Union economy, considerable uncertainty about the United Kingdom's economic prospects and future place in the world, and secular trends that were reshaping job and career opportunities on a global basis. To compound matters, a small, loud, fear-driven demagogic "nationalist" movement led loosely by such leaders as Nigel Farage and Boris Johnson was stirring up divisions among the UK's residents, suspicion of immigrants and religious minorities, and regularly discrediting both the British and European Union's governing institutions.

The fight was an uneven one from the onset. That the Bank of England and International Monetary Fund warned of significant adverse economic consequences for a Brexit scenario was not enough to overcome the forces backing exit. Those forces held the high ground of raw passion.

People respond to fear and anxiety through emotion. They react instinctively and abruptly to try to escape their fears. When anger is added to the toxic brew of fear and anxiety, there is explosive potential for overreaction. With group dynamics, the sentiment responsible for overreaction can spread in viral fashion.

In contrast, the kind of evidence-based arguments on which the "Remain" side's case rested, require thoughtful deliberation. Such deliberation weighs trade-offs and carefully examines alternative scenarios. It requires a lot of time before commitment can take hold. Only at the end of the process can strongly-held positions emerge.

Time ran out. Last night's outcome saw emotion triumph over reason, excess over moderation, and the current moment over future consequence. As a result, the United Kingdom and European Union will be grappling with the fallout perhaps for years to come. Both may wind up fundamentally changed, and not necessarily in a positive fashion.

Across the Atlantic in the United States, some of the same ingredients that fueled Brexit are also in place. Although economic growth has been stronger and more sustained than that in Europe, it has been stagnant by historic measures in the wake of household deleveraging that followed the Financial Crisis and changed consumer behavior. The national unemployment rate has fallen below 5% but anxiety remains elevated. An illiberal Presidential candidate has been exciting passions by dividing Americans along

ethnic and religious lines, spreading a sense of fear and helplessness, and delegitimizing both the federal government and the nation's leaders.

The U.S. still has sufficient time to avert the kind of short-sighted emotion-driven decision that unfolded last night in the United Kingdom. Nevertheless, complacency that the U.S. is somehow "immune" to a tsunami of populist passion that could threaten its basic values, principles, and institutions invites the risk of just such an outcome. That's the lesson the U.S. can draw from Brexit.